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1945

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Carter Manasco, chairman.

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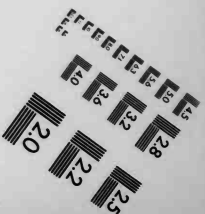
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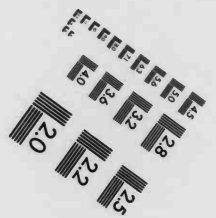
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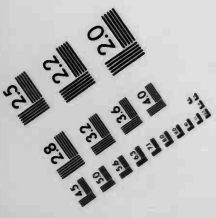
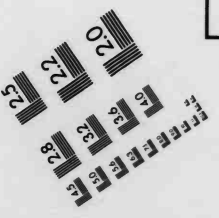
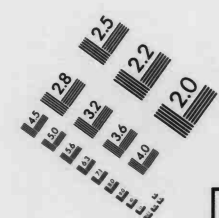
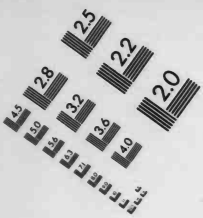
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U.S. CONG. HOUSE. COMM. ON EXPENDITURES
IN THE EXECUTIVE DEPARTMENTS.

TO PROVIDE FOR ADMINISTRATION OF THE
SURPLUS PROPERTY ACT OF 1944 BY A SURPLUS
PROPERTY ADMINISTRATOR. HEARINGS ON
H.R. 3907.

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TO PROVIDE FOR ADMINISTRATION OF THE
SURPLUS PROPERTY ACT OF 1944 BY A
SURPLUS PROPERTY ADMINISTRATOR

HEARINGS

BEFORE THE

COMMITTEE ON EXPENDITURES IN THE
EXECUTIVE DEPARTMENTS

HOUSE OF REPRESENTATIVES

SEVENTY-NINTH CONGRESS

FIRST SESSION

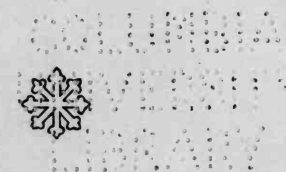
ON

H. R. 3907

A BILL TO PROVIDE FOR ADMINISTRATION OF THE
SURPLUS PROPERTY ACT OF 1944 BY A SUR-
PLUS PROPERTY ADMINISTRATOR

AUGUST 28, 1945

Printed for the use of the Committee on Expenditures in the
Executive Departments



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TO PROVIDE FOR ADMINISTRATION OF THE SURPLUS
PROPERTY ACT OF 1944 BY A SURPLUS PROPERTY
ADMINISTRATOR

TUESDAY, AUGUST 28, 1945

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EXPENDITURES,
IN THE EXECUTIVE DEPARTMENTS,
Washington, D. C.

The committee met at 10 a. m., pursuant to call, Hon. Carter Manasco, chairman, presiding.

The CHAIRMAN. The committee will come to order.

The committee has met this morning for consideration of a bill to change the Surplus Property Board to a single Administrator.

For the information of the committee and those interested in these amendments, yesterday afternoon Mr. Symington, Chairman of the Surplus Property Board, came to my office and asked that they be given a little time on the amendments to the entire Surplus Property Act. Mr. Symington has been there a little over a month and does not feel that he is yet qualified to furnish the committee all the information that we would like to have on the subject of the general amendments. I think that he was very fair in his statements to me—and I am saying this for the benefit of the full committee—so our purpose this week will be to hold some hearings on the proposition of changing the Board to a single Administrator.

As you recall, the House last year passed a bill providing for a single Administrator, and passed it by a very substantial majority. When it got to the Senate, we ran into some great difficulties. For about 3 weeks we were in conference over there and finally had to agree to a board. I think experience has probably shown that the original position of the House was entirely correct on all propositions. A lot of people are complaining about the operation of the act. I said at the time we brought up the conference report that we would amend it in 3 months. But it has been in effect almost a year now, and I think most people are agreed that we need some general amendments.

This morning we have with us Mr. Symington, who is Chairman of the present Board.

At this point we will have inserted in the record the message from the President, urging the Congress to amend the Surplus Property Act by changing the Board to a single Administrator.

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(The message from the President is as follows:)

[H. Doc. No. 261, 79th Cong., 1st sess.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING A REQUEST THAT CONGRESS AMEND THE SURPLUS PROPERTY ACT OF 1944, BY SUBSTITUTING A SINGLE ADMINISTRATOR FOR THE PRESENT BOARD

To the Congress of the United States:

On October 3, 1944, the Congress enacted the Surplus Property Act of 1944, a comprehensive scheme for the declaration, handling, and disposal of all types of surplus property.

The operations of the three-man Surplus Property Board created by that act have been marked by substantial achievements. It has set in motion the disposal machinery which Congress authorized and it has begun to implement the standards which Congress laid down for the disposal of surplus property. Regulations already promulgated or in the process of adoption cover the most important types of property—consumer goods, plant equipment, industrial plants, and farm lands. The emphasis in the Board's task will then shift from the promulgation of policy to the effectuation of basic policies already established.

The task of administration becomes increasingly difficult as the rate of surplus declarations rapidly rises. That rate is rising sharply now. To dispose of this growing volume of surplus property in a manner that will fully achieve the objectives declared by Congress will require the most efficient possible administrative machinery.

While the present Surplus Property Act was under consideration by the Congress the then Director of War Mobilization and Reconversion, Mr. Byrnes, recommended provision for a single Administrator. I think experience has proved him right.

In a field which calls for quick and decisive action, it is undesirable to dilute responsibility for the disposal of surplus property. Administration by a multi-member Board has complicated day-to-day operations under the act.

More recently the retiring Chairman of the Board has stated to the Congress that although he originally shared the view that a three-man Board was appropriate, his experience also led him to the belief that the act can best be administered by a single Administrator.

I am convinced that the effective performance of the vast administrative task remaining for the disposal of surplus property imperatively requires that authority to make decisions and responsibility for those decisions should be centralized in a single official. Such an official should operate, as do all other executive agencies, under the general authority conferred by the President and the Congress on the Office of War Mobilization and Reconversion. Accordingly I request the Congress to amend the Surplus Property Act of 1944 by substituting a single Administrator for the present Surplus Property Board.

HARRY S. TRUMAN.

THE WHITE HOUSE, July 17, 1945.

[Committee Print, August 28, 1945 (For Use of Committee on Expenditures in the Executive Departments)]

[H. R. 3907, 79th Cong., 1st sess.]

A BILL To provide for administration of the Surplus Property Act of 1944 by a Surplus Property Administrator

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby established in the Office of War Mobilization and Reconversion a Surplus Property Administration which shall be headed by a Surplus Property Administrator. The Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of \$12,000 per year. The term of office of the Administrator shall be two years.

SEC. 2. (a) Effective at the time the Surplus Property Administrator first appointed under this Act qualifies and takes office, the Surplus Property Board created by section 5 of the Surplus Property Act of 1944 is abolished, all of its functions are transferred to, and shall be exercised by, the Surplus Property Administrator, and all of its personnel (except the members thereof), records, and property (including office equipment) are transferred to, and shall become,

respectively, the personnel, records, and property of the Surplus Property Administration.

(b) So much of the unexpended balances of appropriations, allocations, or other funds available for the use of the Surplus Property Board in the exercise of any function transferred by this Act shall be transferred to the Surplus Property Administration for use in connection with the exercise of the functions so transferred.

(c) All regulations, policies, determinations, authorizations, requirements, designations, and other actions of the Surplus Property Board, in effect at the time the Surplus Property Administrator first appointed under this Act qualifies and takes office, shall remain in effect unless and until superseded or rescinded by the Surplus Property Administrator.

The CHAIRMAN. We will now hear from Mr. Symington.

STATEMENT OF W. STUART SYMINGTON, CHAIRMAN, SURPLUS PROPERTY BOARD

Mr. SYMINGTON. Mr. Chairman and gentlemen, several days ago, when the chairman of the committee invited me to appear today, he stated that the committee has under consideration several bills dealing with surplus property, and asked me to express my views regarding the need for legislation. I should like to begin my testimony by reading to the committee a letter addressed to the chairman of the committee and signed by all of the members of the Surplus Property Board.

HON. CARTER MANASCO,

Chairman, Committee on Expenditures in the Executive Departments,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: The Surplus Property Board has now been operating for more than 7 months. In that time the Board has set up its administrative machinery; it has issued what it regards as its more important regulations and special orders; and it has gained by experience knowledge of the practical problems that arise in the disposition of surplus property.

On the basis of their experience and in view of the immediate problem that faces the country, all the members of the Board are now prepared to recommend to Congress that it abolish the Board and substitute a Surplus Property Administration headed by a single Administrator. The Board believes that this step should be taken at once.

The end of the war means an immense increase in the amount of surplus property available for disposal. For example, every day the War Department alone is now declaring as surplus to the Department of Commerce property that cost the United States \$100,000,000. It is expected that these declarations of surplus to the Commerce Department will continue at this rate for 60 to 90 days. This property should be put in the channels of trade as rapidly as possible.

The Board has now laid down the general outline of the policies which in its judgment should be followed in disposing of surplus property. The immediate task is not primarily one of declaring policy but one of administration. The Board believes that the change to a single Administrator will make possible the kind of decisive administrative action that will be necessary to deal promptly and efficiently with the large amounts of property now being declared surplus.

The appointment of a single Administrator, however, will not solve all of the problems that have arisen with respect to the disposition of surplus property. Experience has shown that the provisions of the Surplus Property Act of 1944 are not entirely satisfactory. Some of the provisions are ambiguous; others impose serious limitations or restrictions upon the disposition of surplus property. The Board does not believe that any one of the provisions of the act are absolutely unworkable, but it does believe that some of its provisions may create confusion and may make it difficult to dispose of surplus property speedily and on business principles. As the volume of surplus property increases these provisions may in some cases cause delays that will retard reconversion and prevent prompt employment of workers in peacetime pursuits.

The limiting provisions of the act were intended to achieve social or economic objectives that are laudable. In many instances, however, it may not be possible

to comply with these provisions of the act and at the same time to dispose of surplus property so as to create immediate opportunities for employment.

It may be that when Congress reconsiders the question, it will consider that it is more important to promote the particular social and economic objectives embodied in these provisions, including the health of the economy in the long run, than it is to dispose of the property speedily for the purpose of providing immediate employment and preventing delays in reconversion. Nevertheless, the Board believes that a reexamination of this question is desirable. The experience of the last 7 months provides a basis for this reconsideration that was not available when Congress passed the statute.

It is the hope of the Board, therefore, that after Congress has provided for a single administrator it will consider whether changes should be made in the substantive provisions of the act.

Sincerely yours,

W. STUART SYMINGTON, *Chairman.*
EDWARD H. HELLER, *Member.*
ROBERT A. HURLEY, *Member.*

I should like to point out to the committee that the two other members of the Board have been dealing with surplus property problems for nearly 8 months. Since the middle of July, when I became Chairman of the Board, the other two members, Colonel Heller and Governor Hurley, have given fullest cooperation; and it is with pride that we report that every decision has been a unanimous decision. I can never forget their understanding and cooperation. Because of their experience their views are entitled to considerable weight.

In the next 60 to 90 days we are going to face a crucial period in the handling and disposition of surplus property. Property is now being declared surplus in staggering quantities. As the letter of the Board states, one owning agency, the War Department, is declaring personal property surplus to one disposal agency, the Department of Commerce, at the rate of \$100,000,000 a day. That figure does not include immense quantities of personal property being declared surplus by other agencies, large quantities of plant equipment and machine tools being declared surplus, nor does it include a large number of plants which will now become available for disposition in the near future.

All of our energies should be directed toward disposing of this property or arranging for its disposition as promptly as possible. This is primarily a job of administration as the letter of the Board states. Because our immediate disposal problems are so urgent, I think it is important that the question whether the law is going to be administered by a Board or by a single Administrator should be settled as promptly as possible. For that reason I hope that the committee will seriously consider the desirability of recommending legislation to deal with that problem alone before it considers amendments to the substantive provisions of the act.

As the committee doubtless knows, a subcommittee of the Senate Military Affairs Committee has followed this course by reporting out and recommending the passage of a bill to provide for the administration of the Surplus Property Act by a single administrator. I believe it is important to deal with this aspect of the problem first, because I fear that consideration of amendments to the substantive provisions of the act may take a considerable amount of time. I should dislike to see continued uncertainty as to the administration of the present statute while both Houses of the Congress consider the very diffi-

cult questions that will be raised by proposals to amend the substantive provisions of the act.

I do not want the committee to think that I believe the Surplus Property Act of 1944 as it now stands is necessarily perfect or that it could not be improved. The two members of the Board who have served for an 8-month period have expressed the opinion that there are some provisions of the act which were unsatisfactory under the market conditions that prevailed during that period. I am aware of the fact that some of the long-range social and economic objectives of the act may somewhat retard speedy disposal of surplus property. However, I have been acting as Chairman of the Board only since the middle of July, and my experience thus far has been too limited for me so say that amendments are essential to the administration of the act under conditions that are likely to prevail from now on.

Even in the short period of my membership on the Board, there has been a complete change in the military situation. Vast amounts of surplus property are now becoming available for disposition. It may be possible, therefore, to make changes in those provisions of the regulations which were designed to meet the problem of disposition of surplus property during the period when materials were scarce. For example, it was necessary to take special precautions to protect the interests of purchasers to whom Congress indicated that particular consideration should be given. Under present conditions, however, it may be possible to protect those purchasers and still remove from the regulations some of the restrictions which tend to retard the disposition of surplus property.

Regulations and orders of the Board are now under review for the purpose of effecting such changes as can be made to expedite reconversion and the prompt employment of workers in peacetime pursuits without sacrificing the other social and economic objectives of the act. In the event that it is not possible to accomplish these results by the amendment of regulations or by new regulations under the present act, then we believe that the Congress should reconsider the act and make the necessary changes.

Thank you, Mr. Chairman. That is all I have to say.

The CHAIRMAN. Mr. Symington, of course, since we have decided not to go into the amendments to the substantive act, our program for this week will be changed quite a lot. I have had several inquiries yesterday and today about the regulations for the purchase of surpluses by veterans to establish themselves in business. Do you think that under the existing law those regulations should be changed to meet some of the needs and demands of the veterans and veterans' organizations?

Mr. SYMINGTON. Yes, sir, I do. I think you could improve the regulations.

The CHAIRMAN. Are any studies of that kind now being made by the Board?

Mr. SYMINGTON. We are studying that; yes, sir.

The CHAIRMAN. You think that within the next 2 or 3 weeks the regulations will be amended to make it easier for veterans to purchase goods and wares to establish themselves in business?

Mr. SYMINGTON. Yes, sir. We think that that regulation can be improved.

The CHAIRMAN. How do you propose to do that? By direct sales to the veterans in each of the States, or do you intend to have regional offices to make those sales to the veterans?

Mr. SYMINGTON. Well, there is a little difference of opinion as to how that might best be done, sir. We would rather wait. If you can give us the next 2 or 3 weeks, we will come to you with a plan which we think will be a better plan.

The CHAIRMAN. I am wondering about the difficulties you are having under the existing act in the disposal of plants. Of course, very few had been declared surplus up until last week. Are you having any difficulties with that proposition?

Mr. SYMINGTON. Well, the plant situation is a difficult one right now, because whereas there were very few plants that were surplus 2 weeks ago, there are a great many plants that are surplus now. I think we can handle the sale of those plants through, perhaps it might be fair to say, a courageous legal interpretation of the act now better than we could before.

The CHAIRMAN. Last year when we considered the Surplus Property bill, it was amended to give Congress and the Attorney General the right to review the sales. Some of us took the position that when the plants were declared surplus, those restrictions would probably drive off prospective purchasers. Some of us thought at that time that a lot of people would not want to have their names dragged through congressional investigating committees and maybe having the newspapers attack them for purchasing Government property, that cost the taxpayers enormous sums, for a lower sum. Of course, I think we lost sight of the fact that many of these plants were built at high cost in a hurry—special-purpose plants—and with that restriction in the law, it might be a little difficult for the Surplus Property Board or administrator or disposal agency to attract suitable purchasers, thereby leaving the plants idle. I think the local communities are interested in most of these plants being in operation. The fewer restrictions we have on the disposal agencies, the quicker those plants will be put back into operation. Is that your opinion?

Mr. SYMINGTON. I would agree with you, Mr. Chairman, with this exception, sir: There are some cases where the Government has built a number of plants which are run by companies that have previously been criticized by the courts as a monopoly. The Surplus Property Board is willing, therefore, to have that provision in there provided it is handled quickly. I think the act said—

The CHAIRMAN. Ninety days.

Mr. SYMINGTON. Yes, sir. Ninety days is far too long.

The CHAIRMAN. Of course, with our existing antitrust laws, we do not have to have that provision in the act. The Attorney General has authority under the existing antitrust laws whereby prospective purchasers would not have to have any additional legislation like that put in the bill. I think that is going to slow down the sales of some plants and cause them to stand idle, with a lot of people being out of work for quite a while.

Mr. SYMINGTON. It would seem that the question of monopoly would be a resultant of sale and not something before a sale. But, in any case, the Attorney General, or the Department of Justice, has assured us that if that stays in the act, it will be handled very expeditiously, so that it will not hold up potential, prospective sales.

The CHAIRMAN. I have in mind some large corporations wanting to buy a plant for the purpose of keeping it out of competition with them. Under existing laws, aside from the Surplus Property Act, the Attorney General could prosecute such purchasers for violating the Antitrust Act?

Mr. SYMINGTON. Yes.

The CHAIRMAN. That is one of the things that has disturbed me. Another thing that has disturbed some of us is that many people think we are going to get a hundred billion dollars to apply to our public debt by the sale of our surpluses. Have you made any studies of that?

Mr. SYMINGTON. Yes, sir; we have made some. Not so long ago there was \$2,469,000,000 surplus, and of that \$1,696,000,000 was in airplanes alone. That, incidentally, shows how much surplus we have today, or as of even 10 days ago—practically nothing but airplanes. Of that \$1,700,000,000, a large proportion is salable only as scrap. There is no possible use of the bombers, comparable to the B-17 Fortress and B-24 Liberator, or pursuit ships, like the P-51 or the P-40, or P-38. Those machines are worth nothing but the value of the metals that are in them, so far as we can find out.

The CHAIRMAN. They are obsolescent today?

Mr. SYMINGTON. They are obsolete today.

The CHAIRMAN. And would be obsolete tomorrow?

Mr. SYMINGTON. Yes.

The CHAIRMAN. It would be dangerous for our national defense to think that those planes, sitting around in pastures all over the country, would be protection against some future enemy?

Mr. SYMINGTON. That is right, sir. The week before last some of us made a trip south to look at those fields, and last week we made a trip west to look at quite a few of those fields, and it is fair to say that to get a crew together, gas a plane up, and take it over the Rockies—and Mr. Krug, of the War Production Board, incidentally, feels the same way about this particular case—might very possibly cost more than the plane was worth.

The CHAIRMAN. Of course, we do not want to sell any of our combat aircraft to some countries that might disturb the peace of the world in the future; is not that true?

Mr. SYMINGTON. That is right, such as the P-47's, P-51's, and so forth.

The CHAIRMAN. Do you think that changing this act by abolishing the Board and creating a single Administrator will expedite decisions?

Mr. SYMINGTON. Well, we all feel that way, sir—every member of the Board signed this letter voluntarily—that it would be better, because we have so much straight administrative work to do regardless of the policies that you lay out or the terms of those policies.

The CHAIRMAN. Of course, it is much easier for a single Administrator to agree with his own decision than it is to have three men in the Board room who might have three different ideas. We have 435 different ideas about surplus on the House side and 96 on the Senate side. I am sure you would have the same difficulties in the administration of this act.

I do not care to ask any other questions. I think Mr. Hoffman is the next man.

Mr. HOFFMAN. On page 4 of your statement I find this language:

However, I have been acting as Chairman of the Board only since the middle of July, and my experience thus far has been too limited for me to say that amendments are essential to the administration of the act under conditions that are likely to prevail from now on.

You do, however, exempt in your statement the recommendation that a single Administrator be appointed?

Mr. SYMINGTON. Yes, sir.

Mr. HOFFMAN. If I understand you, is not this correct: That as to the social and economic objectives, you have no recommendations as to amendments?

Mr. SYMINGTON. If I have, I would rather take a little longer to look at them before taking a definite position in the matter.

Mr. HOFFMAN. Have the other two Board members any recommendations as to amendments to the act, other than the one as to the single Administrator?

Mr. SYMINGTON. I think they feel that the act should be amended, sir.

Mr. HOFFMAN. When will you and they be prepared to tell us about the amendments?

Mr. SYMINGTON. Well, their position is stated in the joint letter. I would like you to give me more time to look at it. Of course, I do not know that I would be the Administrator, but if I were the Administrator, I think we could come off with some ideas on the act that would improve it.

When I first came here in the middle of July, we had no general counsel and no assistant general counsel; therefore, we had little chance to interpret the act from the standpoint of getting the best practical interpretation of the act. Since that time we have acquired both a general counsel and an assistant general counsel, and we have been able to interpret the act and get on with the job much better than we could before.

Mr. HOFFMAN. In the second paragraph on page 2, which is a paragraph from the letter signed by all members of the Board, you say:

The limiting provisions of the act were intended to achieve social or economic objectives that are laudable. In many instances, however, it may not be possible to comply with these provisions of the act and at the same time to dispose of surplus property so as to create immediate opportunities for employment.

My question is, When will you and the other members of the Board be able to give this committee your suggestions as to any amendments you think are necessary?

Mr. SYMINGTON. Well, I would say that within a few weeks we can decide.

Mr. HOFFMAN. Do you mean 2 or 3 weeks?

Mr. SYMINGTON. It might be longer than that, sir.

Mr. HOFFMAN. We were called back to get this thing through. I for one was having a very interesting time. My people instructed me on what they wanted. I should like to get it over with no undue haste, but as soon as we can.

Mr. ERVIN. He claims he was not fishing, but I cannot prove that. [Laughter.]

Mr. HOFFMAN. I was listening to what the folks had to say. I had two purposes in mind. One was to see if I could make things better; the other was an eye on the 1946 election. [Laughter.]

People said, "Why don't you fix this? Why don't you fix that?"

I must confess that I do not see my way clear. I want your help and the help of the other members of the Board, if I can get it, and I assume that the other members of the committee do too.

Mr. SYMINGTON. Mr. Hoffman, could I illustrate that paragraph you mentioned? Suppose the question of reference to the monopoly problem, as brought up by the chairman, interferes with the sale of the plants. Then it will interfere with employment, and we would like to come right back and so tell you. Suppose, for example, the necessity for review by small business interferes with the more practical aspect, as we see it anyway, of getting these machine tools working in peace. Then we would like to come back.

Mr. HOFFMAN. When are you coming back?

Mr. SYMINGTON. If they do not interfere and we can go ahead with it, we do not have to come back.

Mr. HOFFMAN. Have you any idea whether you are going to come back?

Mr. SYMINGTON. I would say the chances are, especially as a lot of the act was written during the war and we are now in peace, that we would come back.

Mr. HOFFMAN. About when?

Mr. SYMINGTON. How long will you give me, sir?

Mr. HOFFMAN. It is up to you to tell me. I just want to get a general idea, so that when the newspapers jump on us for not fixing this when it ought to be fixed, we may be able to pass it over to you.

Mr. SYMINGTON. One other modifying statement, if I may make it. We have had practically no sales under this act yet. As of June 30, with the exception of airplanes, we had practically nothing, in the sense of those figures, and they have been declared surplus. However, I should say that within 30 to 60 days we should know where we stand.

Mr. HOFFMAN. That is, by the date originally set by Congress for reconvening, you will be able to give us something?

Mr. SYMINGTON. Within a month of October 8 anyway, maybe by October 8.

Mr. HOFFMAN. Thank you.

The CHAIRMAN. Mr. Cochran.

Mr. COCHRAN. I notice in here, Mr. Symington, that you say the War Department is turning over a hundred million dollars in personal property to the Department of Commerce daily. You have designated the Department of Commerce as the disposal agency for what you term personal property?

Mr. SYMINGTON. Yes, sir.

Mr. COCHRAN. That is consumers' goods, is it not?

Mr. SYMINGTON. Yes, sir.

Mr. COCHRAN. Well, now, who writes the regulations in reference to the disposal of that property? The Board or the Department of Commerce?

Mr. SYMINGTON. The Board, sir; the over-all policy regulations. The administrative orders are under the Board's regulations, from the standpoint of the sale.

Mr. COCHRAN. I sent you yesterday a letter that I received from a veteran who was given back his old job with a corporation. That corporation wanted to do more for that veteran, so they advanced him and gave him a very large field, in which they placed him in charge of salesmen in that field. That requires him to get an automobile immediately. He said that he had some correspondence with the Reconstruction Finance Corporation—I assume he meant the Department of Commerce—and was advised that unless his equity amounted to \$25,000, he could not get an automobile right away. I could not understand that at all, in view of the provisions of the act. Of course, I realize that he cannot get an automobile unless there are automobiles that have been declared surplus.

Mr. SYMINGTON. Well, whoever wrote that letter to him, sir, was not correct.

Mr. COCHRAN. He says that is the information he had, and I sent his letter to you yesterday.

Mr. SYMINGTON. I should like to look at it.

Mr. COCHRAN. Let me ask you this: Have you found that the departments are hoarding the property that could be declared surplus?

Mr. SYMINGTON. No, sir. I think that in the last week or 10 days it has been a little the other way. They have been very anxious to get rid of it.

Mr. COCHRAN. I contacted the Defense Plant Corporation of the RFC, which I understand is named as disposal agency for plants. The Government had set up a plant in St. Louis that manufactures wire rope. They contracted with a New York corporation to run that plant. They had 3,500 employees. Now their contract is canceled. Naturally, the employees went out.

The employees wrote and said that that corporation wanted to buy that plant—or, at least, they told them they wanted to buy that plant—and operate it in connection with their business. It is already tooled for the manufacture of wire rope. The corporation that ran it was in the business. It is just enlarging its activities if it makes a contract to either lease or buy the property. Now, do you not feel that the War Department overnight should release and declare surplus a plant of that character?

Mr. SYMINGTON. Absolutely, sir; there is no question about it, unless they plan to hold it in permanent reserve.

Mr. COCHRAN. Under the provisions of the act, you cannot dispose of surplus property if it is going to interfere with private business or is going to cause unemployment; is that true?

Mr. SYMINGTON. I would not know exactly about that offhand.

Mr. COCHRAN. Here you have this situation—and you know it because you come from there—you have two great big wire rope manufacturers out there, who have been in operation for many, many years. Human nature tells me that they will want to oppose the operation of that plant by another corporation, because it means competition in business. But under the law you can dispose of that now because it is not going to interfere with private business and it is not going to cause unemployment; but, on the other hand, it will cause employment. I think plants of that kind should be declared surplus immediately.

Mr. SYMINGTON. So do I, sir.

Mr. COCHRAN. Let me ask you this question: Under the provisions of the act you can go from department to department to find out whether they have any surplus properties that should be declared surplus but have not been declared surplus?

Mr. SYMINGTON. Yes, sir.

Mr. COCHRAN. Have you a set-up that is doing that?

Mr. SYMINGTON. I would not say there is a set-up for that that is adequate. We have a set-up, but it is not enough.

Mr. COCHRAN. I think we ought to go to work on that immediately. Let us take, for instance, shoes. No one knows how many pairs of shoes the Government has at the present time. It certainly has more shoes than are needed. Therefore, if the War and Navy Departments now declare shoes surplus and place them on the market, you are not in any manner, shape, or form interfering with business, because there are no shoes being sold to amount to anything and they are rationed.

So it is my viewpoint that the holding agencies should declare surplus everything that they properly and possibly can, even if they go so far now as to dispose of surplus property that might require them at some future date to rebuy some properties. In other words, if we get rid of a large number of shoes now, and we are not interfering with the industry, we are not causing unemployment. At a future date, if we find we are going to be required to have additional shoes, they can be bought. But if we hold these shoes and do not put them on the market now, then we are not going to put them on the market, because industry will not let you put them on the market and the employees will not let you put them on the market.

Even if it might cost the Government a little of the money they might receive for the surplus property they are disposing of now by buying new property of the same character, it seems to me that it would be a very fine thing to get those things on the market. The letters that are coming in with reference to surplus property are piling up on the desk of every Congressman.

I think you have a very good policy in distributing through distributing agencies, but it is my viewpoint that it is the movement now that is going to benefit the Government, because if you do not move it now, you are going to have nothing but storage plants all over the United States, storing surplus property that you could dispose of now. Later you would be interfering with private industry and might be causing unemployment.

Yesterday I had a call from a very, very large contractor in St. Louis, who operates not only in this country but also in South America and other places. He said they had been asked to run—not build, to run—a plant in California that they proposed to use to store surplus property—property that is used by general contractors all over the country, property of every type, including bulldozers, trucks, and all kinds of materials used in road building and in other types of building. They had been asked to bid on operating that plant for the RFC. The buildings are already there, but they are going to store property there.

Why store it if it is surplus? Why not put it on the market right away, before the private corporations get bulldozers and that type of machinery back on the market? Because when they do put it back on the market, then you are going to have a situation where you are

going to have to keep your stuff in the warehouses and not be able to sell it.

I realize the situation that confronts you; but, as far as I am concerned, I will tell you that when all three members of the Board, or possibly two, who might lose their jobs, come before a committee of Congress and say that the law is not workable under a board but that we must have an administrator, then I am for the administrator, and for one immediately, and I think you are sound in saying that we should amend that part of the act now, placing in the hands of the administrator the power that is now in the Board, and taking up at a future date the question of amendments to the act.

Having had experience in handling this act as one of the conferees, as one who was on the floor when the bill was considered on the floor of the House, and as one who was there when the conference report was considered, I will say that you are 100 percent right, because we sat with the Senate conference committee for weeks and tried to get a decent law, but all we got in the end was a monstrosity. I can tell you that I for one would never have signed the conference report if I had not been asked from uptown to sign it, because I was told that if they did not have a certain type of law of that kind, they could not sell defense plants or dispose of land. I gave in for that reason alone. But the law itself, in my opinion, should be rewritten.

In the meantime, knowing that it is going to take some time to rewrite the law and get it through this Congress, I believe that this committee should go ahead and act upon your suggestion and provide for an administrator with the power now in the possession of the Board, and take up the other questions afterward.

Mr. HOFFMAN. Is not the one issue back of all this whether we are to either destroy this property or let it become of little value through delay, so that it will not interfere with the creation or continuation of jobs, or if we should not get it into the hands, as soon as possible, of those who might use it, which might delay the creation of a few jobs or prevent the continuation of a few jobs?

Mr. COCHRAN. The policy laid down in the act is that surplus property cannot be disposed of if it is going to interfere with private enterprise or is going to create unemployment. Therefore, it is my viewpoint that the time to get this stuff on the market is now, before private industry gets back to normal and manufacturing articles that it has not been manufacturing during the period of the war, so that we will not be interfering with private industry. There is a demand for all the surplus property we have, if we put it on the market right now.

Mr. HOFFMAN. I get two classes of complaints, right there. One is from those like the veteran you spoke of a while ago, who wanted an automobile. Contractors in my district want machinery; farmers want tractors, but the men working in the factories say, "No; you must take the old stuff out to sea and sink it, so that we can go to work, so that we can make more."

Mr. COCHRAN. They can say that until private industry has it on the market. Then, under the law, they have a right to come in, if they can prove that they are manufacturing these articles that the Government is trying to sell in competition with them. That is the reason why I advocate the immediate sale of all surplus property.

Mr. HOFFMAN. I am with you on that.

Mr. SYMINGTON. Yesterday we discussed in a board meeting \$500,000,000 worth of surplus declared to the Department of Commerce last week. I think that is considerably more in 1 week than the surplus that has been sold, if not entirely, for a long time.

Mr. COCHRAN. Was that aside from airplanes?

Mr. SYMINGTON. Yes, sir; that was consumers' goods, in the Department of Commerce alone. It was not plants, not machine tools, not raw materials.

The second point is, following Mr. Cochran's thought, that we have worked out with the Army and Navy that there is not going to be any more moving of things around unless absolutely essential, due to some extraordinary condition or something involved in contractor inventory. It is going to be sold where it is and taken care of where it is. It is going to stay in the custody of the Army and the Navy, and they are not going to just kick it out to the RFC, for example. In that way, we will have it handled by experienced people, who put it there, and who have the proper nomenclature, stock records, bins, and so forth, and they will maintain custody of it. The people from the disposal agencies will come in and work with whoever is handling the situation to direct the sale from where the material now is. I think that follows your thought.

Mr. COCHRAN. It follows my thought, and I think it is a good plan, because the RFC has not the places to store that tremendous amount of property that the Army and Navy now have. While it is declared surplus, it could remain in their possession, be sold, and then could be transported from where it now is to the purchaser.

Mr. HOFFMAN. I was talking yesterday to an officer of the Navy who has been in the service for more than 10 years and who has been in the islands within the last 20 days. He says that there are acres of machinery used for construction in the islands. Is there any idea of trying to sell that? Not, of course, here, because the cost would be prohibitive. What do you proposed to do with that stuff?

Mr. SYMINGTON. Well, first it will have to be declared surplus by the owning agency. If it is the Navy, then the Navy must declare it surplus.

Mr. HOFFMAN. This would be the Navy?

Mr. SYMINGTON. Yes, sir; if it was in Navy grounds. If it was Army, it would be Army.

In other words, the Army is an owning agency, and the Navy is an owning agency, and it would be up to whichever one of those branches owned that particular material. Then, the question would be whether they would try to sell it over there or would try to bring it back here. If it were machinery in the Southwest Pacific, it would be my guess that they would not want to return it for any reason; they would try to dispose of it over there, under the Army-Navy Liquidation Commission.

Mr. HOFFMAN. Do you know whether there is in the islands a little Pentagon Building that neither the President nor the late President on his inspection trips nor any committee of Congress has ever seen?

Mr. SYMINGTON. No, sir.

The CHAIRMAN. Mr. Bender.

Mr. BENDER. Mr. Symington, the Surplus Property Board controls all disposals of surplus property but does not sell any itself; is that correct?

Mr. SYMINGTON. Yes, sir.

Mr. BENDER. You have approximately 100 branches all over the country directly under your jurisdiction; is that correct?

Mr. SYMINGTON. No, sir; we do not do the selling; we control the policies of selling, and we have no branches; we have only the one office, or group of offices, here in Washington.

Mr. BENDER. For example, there is the Smaller War Plants Corporation district office in Albany. What is the function of that office?

Mr. SYMINGTON. Well, that is the Smaller War Plants Corporation.

Mr. BENDER. What jurisdiction do you have over that Corporation?

Mr. SYMINGTON. None, sir, except under the Surplus Property Act.

Mr. BENDER. Well, if there were a single administrator, would his status change in that connection, or would you have some agencies actually handling the disposal of surplus property?

Mr. SYMINGTON. Well, it would be my guess that the administrator, if there were a single administrator, would continue to utilize the present disposal agencies.

Mr. BENDER. Does the Surplus Property Board have any district agencies at all? For example, take the headquarters in Cincinnati. What is the function of that headquarters as it relates to this office?

Mr. SYMINGTON. Well, in Cincinnati there would be various headquarters. There would be the Smaller War Plants Corporation, there would be the Reconstruction Finance Corporation, there would be the Department of Commerce, and presumably the Department of Agriculture. Those would be disposal agencies. In the case of the Smaller War Plants Corporation, it would be tied in with veterans' preferences.

Mr. BENDER. What would be the function of the administrator as compared with the function of the present Surplus Property Board?

Mr. SYMINGTON. There would be no change in that, sir, as I see it.

Mr. BENDER. The administrator, then, would direct the sales but not actually have anything to do with the disposal of the property; is that correct?

Mr. SYMINGTON. He would direct the policies of the sales, the same as the Board does now, sir. He would not have anything to do with the actual sale, then or now, except under the policies and regulations laid down by the Board.

Mr. BENDER. It seems there is a criticism—and I think it is a justifiable criticism—regarding the dilemma that the average citizen finds himself in when he asks about purchasing some surplus property: That he of necessity has to contact possibly a dozen different agents before he can find the article that he is looking for, and possibly some slicker who knows the ropes has the advantage.

What can you suggest to correct that? Is there anything in your mind that can be done about this particular problem? Do you have something to recommend, so that everybody who wants to know can get the information very readily without going through some agent or some wise guy who knows his way around?

Mr. SYMINGTON. Well, the Board's activities, or the Administrator's activities, are limited to the policy level, but some of us have changes which we would recommend to the Board, if it stays this way, or to the Administrator, in respect to what I think you are talk-

ing about, sir—operating conditions on the operating level. There could be improvements, in the minds of some of us, on the operating level to streamline it and centralize it, and there could be improvements in the dissemination of information prior to sale.

Mr. BENDER. You have in mind, then, possibly changing the present set-up as to the disposal of property, with perhaps the elimination of some of these agencies, and having a more direct connection with the sale of the article than you now have?

Mr. SYMINGTON. Well, not so much the latter, but we have ideas with respect to centralizing the actual conditions in the field that your people object to, and if we present those on the right basis to the various disposal agencies, we feel pretty confident that they will be accepted.

Mr. BENDER. In connection with the disposal of Army and Navy property, have you had an experience where the Army or Navy objected to disposal of property, or do they indicate to you what they choose to dispose of?

Mr. SYMINGTON. No, sir. To date the Army and Navy have been most cooperative in the few weeks I have been here in this problem.

Mr. BENDER. That is, you have had no difference with them? They have indicated what was surplus?

Mr. SYMINGTON. That is right, sir. They have indicated plenty of it in the last 10 days.

Mr. BENDER. Well, do you think that is a wise plan?

Mr. SYMINGTON. Well, Mr. Bender, if we feel that they are not declaring the merchandise surplus, we not only have the right but we have the duty to report that fact to you, which we will do if and when we feel that way.

Mr. BENDER. You want to have the authority over the Army and Navy, or over any Government agency, to declare surplus whatever they are not declaring surplus when you regard it as surplus; is that correct?

Mr. SYMINGTON. We want the right to report to you that they are not declaring it, and we have that right now.

Mr. BENDER. How many employees does your Board have today, approximately?

Mr. SYMINGTON. We have just under 230, sir.

Mr. BENDER. You have in mind expanding your Board so that you will have a larger number of employees?

Mr. SYMINGTON. Our original estimate was for about 377, I think it was, and since that time about 13 who are in the O. W. M. R. are coming over, so that we can handle our own personnel problems. There are a few more people added, so the top budget would be 403. If some of the changes which we hope to put in on the operating level, if we continue to be in this picture, are adopted, they would, if anything, reduce that number somewhat instead of increasing it.

Mr. BENDER. How do you propose to change the picture as far as your local problems are concerned—that is, these various agencies? For example, in Atlanta, Ga., there are 9 disposal agencies; in Chicago there are possibly 10 or 12 disposal agencies. Do you have in mind a plan to change that in any way?

Mr. SYMINGTON. We have in mind more uniform methods of sale in those various agencies.

I may say, sir, that the time is very short now; that this tremendous surplus has actually hit us, and therefore, even though on paper it would look better from a business organization set-up standpoint to maybe move some of those agencies out, nevertheless you would be losing a lot of relatively experienced manpower and shoe leather in the disposal situation itself if you eliminated any of those agencies.

For example, suppose you eliminated the Department of Commerce from the disposal picture in order to consolidate it in the Reconstruction Finance Corporation, or vice versa. Then you would be eliminating a great many people, and we do not have enough people as it is.

Mr. BENDER. Just as a very simple example, suppose this ashtray were declared surplus. You would declare that surplus; is that correct?

Mr. SYMINGTON. No, sir; the owning agency would declare that surplus.

Mr. BENDER. The owning agency would declare it surplus?

Mr. SYMINGTON. Yes, sir.

Mr. BENDER. What is your function as far as that article is concerned?

Mr. SYMINGTON. We have laid down the policies under which that article is sold, and the disposal agency, which in the case of that article would be the Department of Commerce, would take steps to sell it on the best basis to the Government and under the terms of the act.

Mr. BENDER. So you actually have something to say as to the disposal of that article?

Mr. SYMINGTON. As to the policies of the disposal of that article.

Mr. BENDER. But those agencies would all continue just as they are in connection with the disposal of this property?

Mr. SYMINGTON. I would not know about that, sir.

Mr. BENDER. Frankly, today, especially as to those of us who live in larger centers, you have no idea what problems are presented to us, and the inquiries that are made regarding this whole problem. It is like looking for a needle in a haystack. I have inquired in Washington, and I have been sent to Cincinnati, and I have been sent back to Washington, and then I have been sent to some other place, and have got the run-around—a first-class run-around—in connection with the disposal of this property. You do not know whether you are on foot or on horseback most of the time. When you try to give an intelligent answer to any constituent regarding a particular problem, frankly he thinks you are just as crazy as the rest of them. That is what we are trying to eliminate.

Mr. HOFFMAN. Did you ever read the bill?

Mr. BENDER. Yes; I have read the bill, and I had something to do with its passage. I think the bill is pretty good, but it seems to me that the Board ought to have more power, if it has not assumed the power. It ought to be given the power to dot more i's and cross more t's. If that is what you are seeking, I am for it. I am for giving authority somewhere so that we can get away from this awful dilemma in which we find ourselves.

Regarding the hiring of personnel for the disposal of surplus properties—and please, because I am a Republican, do not think I have any ulterior motives in asking this question—

Mr. HOFFMAN. You do not need to admit that.

Mr. BENDER. What place has politics in this picture? Any?

Mr. SYMINGTON. Absolutely none.

Mr. BENDER. I was just asking that so that you would answer the question and it would be a matter of record, because I have been told that certain people in Cincinnati who are hired for various jobs must clear through the regular Democratic Party sources and must have certain recommendations, which is perfectly all right if that is the policy. But I wanted to know just exactly what your view of this was.

Mr. SYMINGTON. Well, that is not the policy of the Surplus Property Board, sir. My view would be that that would be unfortunate.

Mr. BENDER. So the employees in the various disposal agencies are hired in the regular, routine way? For example, the Army, the Navy, the RFC, and the other departments hire these employees in the same manner as they do all the other employees of the Government?

Mr. SYMINGTON. Well, you see, we do not control the hiring of the people by the disposal agencies. It does not seem right to lay down rules and expect them to sell and move the property which must be moved as quickly as possible, and tell them whom they have to choose to do the job. So the Surplus Property Board is not in the business of regulating the hiring of people in the disposal agencies in the field. We do regulate the people who work for the Board, however, and there is no politics in that. I can assure you of that.

Mr. BENDER. Under the law, the Federal Government has the first crack at whatever there is to be sold; is that correct?

Mr. SYMINGTON. That is correct.

Mr. BENDER. Then the local agencies—the various school boards, the county commissioners, and all the other political subdivisions—have 30 days?

Mr. SYMINGTON. No, that is not right, sir.

Mr. BENDER. In which to buy?

Mr. SYMINGTON. The first priority is to the Federal Government, and by regulation of the Surplus Property Board the Federal Government priority is 18 days.

The second priority is the State and municipal priority, and by regulation of the Surplus Property Board we extend 12 days, or a total of 30 days. Beyond that point they are not priorities; they are preferences, in the act, to institutions like tax-free institutions, and so forth.

Mr. BENDER. How is a municipal or a local government or a county government or a State government to know that certain property is available?

Mr. SYMINGTON. Well, an effort has been made to give them that information on the part of the disposal agencies, and in the regulation that is pretty well set up.

Mr. BENDER. There are so many local governments. For example, take our county commissioners in Cleveland. I am a Republican; they are all Democrats; but they are bellyaching constantly about not having information as to what is available. They would like to make purchases. Is that a proper complaint?

Mr. SYMINGTON. It comes both ways. There are a lot of people who claim they have too long. A lot of people think the 30-day

priority—18 plus 12—has killed a lot of sales. A lot of people feel the Board has gone too far in emphasizing priority under the act.

They are getting information as to what they can purchase, if they look for it.

Mr. COCHRAN. I think we are all getting more inquiries in reference to consumers' goods than anything else. The disposal of consumers' goods was placed in the Procurement Division. The Procurement Division was a purchasing agency. It purchased not only for the Federal Government, but it purchased for Lend-Lease and UNRRA.

That being the purchasing agency, the Surplus Property Board transferred the sale of consumers' goods to the Department of Commerce as the disposal agency, and along with it went the transfer of regional offices of the Procurement Division, that was handling the disposal of surplus property. We have one in my State, at Kansas City. They issue a publication, which comes to my desk all the time, telling what surplus property is available. That is sent to the States and the municipalities as well as to the Federal agencies.

They are continually trying to secure surplus property, and when they do secure it, they notify those who have priority that it is available. Then they have to come in and purchase it if they so desire. That is the policy that is followed out in my State and in that region, because this is a regional office at Kansas City. It is not only for Missouri, it is an office for several States.

Mr. BENDER. Specifically, I have in mind one case, the Cleveland Pneumatic Tool Co., which manufactures pneumatic tools. I have been told by an engineer of that company, since they were almost 75 percent in war work, and pneumatic tools were a part of the war effort, that they find themselves in a situation where they cannot possibly produce a pneumatic tool. The figures I am going to use are my own; I do not have the correct figures. I am using an arbitrary figure. They cannot produce a pneumatic tool at the price they sold the Government, with all the other provisions of the war regarding pay, working conditions, and whatever the War Labor Board and the other agencies require of them, for less than \$100, we will say. Now they come along, and this tool, the same tool that they manufacture and their competitors manufacture, is put on the market for \$25. So here is this firm, which knows only how to manufacture good pneumatic tools, finding an abundance of them.

The question arises as to what authority you have, or what is your attitude or the attitude of the Board or the Administrator, in connection with that specific problem. It is multiplied hundreds of times, I am sure, but it is something I cannot answer. Have you folks adopted a policy regarding a problem of that kind?

Mr. SYMINGTON. No, sir. We are now studying the problem of our rights for selling back to manufacturers at their cost, at the price they sold to the Government, in order that they can protect their rights.

Mr. GOSSETT. I had a meeting with a good many retailers, and the opinion of many of them was that this goods should be funneled back through the original wholesaler or manufacturer. I think that should be given study.

Mr. BENDER. Have you given any thought to selling merchandise or directing that merchandise be sold to local retailers, the department stores, and so on, in order to make available those articles that would

not interfere with production, such as I have just referred to, so that the consuming public would have an opportunity to see what was available? I do not necessarily mean the establishment of retail stores by the Government, but through local retailers making this property more accessible to the consumer. Have you given that any study?

Mr. SYMINGTON. Well, in the Department of Commerce, sir, the policy has been to attempt to funnel as much merchandise as possible through normal channels of distribution, and we think that is a correct way of doing it wherever possible.

Mr. HOFFMAN. On my desk—I do not know if they were sent to you this morning—there are two letters from the Department of Commerce, saying just exactly what you are saying. I have answered one. I have forgotten the other.

The CHAIRMAN. That is all.

Mr. SYMINGTON. Thank you, sir.

Mr. WHITTINGTON. Mr. Symington, the concrete proposal recommended by the President in his message limits our consideration to the substitution of a board by a Surplus Property Administrator, and you concur personally and as Chairman of the Board in that recommendation, and have asked that that matter first be considered by this committee?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. Now, in the event the committee adopts that recommendation and reports the bill for that purpose, all the other provisions, limitations, restrictions, priorities, preferences, and provisions of the existing Surplus Property Act of 1944 will obtain, and you or your successor as the single Administrator will have no power or authority or discretion except that now conferred by law upon the Board?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. I would like to say personally that this committee was called back here a year ago and we were urged to report the Surplus Property bill as an emergency matter. Much has been said about delay. Some of that can be laid at the door of Congress. Other delays, I think, are attributable primarily to the Board. But this act was passed and approved by the President on October 3, and the Chairman of the Board was not appointed until after the turn of the year. And I make no criticism of the Chairman or the members of the Board, but I am emphasizing that in my judgment there have been unreasonable delays attributable in part to the Congress and to the inconsistencies and to the undue restrictions and limitations of the act, for which neither this committee nor the House of Representatives is responsible.

However, the country is not satisfied, and I think they have a just complaint with the delays in the disposal of surplus property. To summarize, under the Surplus Property Act, as you have indicated this morning, the Board has only such powers as are conferred by that act. Secondly, no property can be ordered to be disposed of by the Board unless the owning agency declares that property to be surplus. And primarily that property is under the control of the Army and the Navy; by and large, is not that true?

Mr. SYMINGTON. That is correct, sir.

Mr. WHITTINGTON. So that you cannot dispose of any property under the supervision of the Army unless the Department of War first

declares that to be surplus, and you cannot dispose of any property under the supervision of the Navy Department, unless the Navy Department first declares that to be surplus. And the Navy Department itself cannot dispose of any combat vessel, battleship, or submarine or others of the types named in the act, even by decreeing that surplus, because that disposal must be first of all by an act of Congress. And then your Board and you as single Administrator, if you are appointed, would designate the disposal agency, fixing the policies and making the regulations. And these disposal agencies, among which you have named the RFC and the Smaller War Plants Corporation and the Department of Commerce, through their representatives in the various regions of the country, actually dispose of the property decreed to be surplus.

And in your policies you provide for the priorities to the Federal agencies and to the State agencies, and preferences to veterans, and to hospitals and schools that are provided by the act, and the preferences to veterans and former owners in the purchase of land that may be declared surplus, and for the disposal of land as contemplated by the act. And all of that would still obtain in the event the proposal advocated by you and by your two other members of your Board are adopted by the committee and recommended to the House; is that not true?

Mr. SYMINGTON. Correct, sir.

Mr. WHITTINGTON. You began your statement by reading the letter addressed to the chairman of the committee. That letter was just submitted today to the chairman of the committee, was it not, so it may be said to be dated today or yesterday?

Mr. SYMINGTON. Yesterday, sir, August 27, 1945.

Mr. WHITTINGTON. So that is the last word, and that is the view of yourself and the members of your Board. Now, Mr. Symington, under the terms of the Surplus Property Act of 1944, the Board was required, under section 24, as you stated, to make reports to Congress every 3 months?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. With your recommendations. Have those reports been submitted?

Mr. SYMINGTON. No, sir.

Mr. WHITTINGTON. Well, pardon me. With all due respect to you—

Mr. SYMINGTON. I beg your pardon. You are talking about 24. I was thinking of 19.

Mr. WHITTINGTON. I will get to 19 in a minute. That was the War Plants reports.

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. The reports I am asking you about, in order that the country and Congress might be advised as to the administration of this act—it was never contemplated, by and large, that there would be any disposal of Navy property at all until after the conclusion of the Japanese war, and frankly, that war is not completely over yet. So your disposal has been limited largely to the property declared to be surplus by the War Department.

But you were required—I mean your Board was required to submit recommendations to the Congress every 3 months, with any statements

you had to make about the amendments of the act. And frankly, I regret delay in submitting these reports.

I am not meaning to be critical, but I am going to ask you at this point to insert in the record—if you will give us first how many reports have been submitted, and substantially their dates—the reports the Board has submitted, by stating their dates.

Mr. SYMINGTON. Well, there have been two quarterly reports submitted. The first one, I do not know much about. The second one was submitted in July, dated as of May 28. The third one I read a proof of last night, and that is dated the 17th of August, and takes up through the 30th of June, for that quarter of April, May, and June.

Mr. WHITTINGTON. Mr. Chairman, I will ask that those reports be inserted in the record. I think the Congress is entitled to the information.

Mr. COCHRAN. How long was the report?

Mr. WHITTINGTON. To be furnished by the chairman.

Mr. SYMINGTON. The second one is 102 pages.

Mr. COCHRAN. Will you yield?

Mr. WHITTINGTON. Just a moment, please.

Mr. COCHRAN. Mr. Symington said that report was 102 pages.

Mr. WHITTINGTON. As far as I am concerned, this is a hundred-billion-dollar proposal, and I understand that is pretty long, and I am perfectly willing to leave that to Mr. Symington and the chairman. But the high points of the report ought to be submitted, in my humble judgment, in connection with the hearings.

Mr. Symington, you spoke about a recent declaration of a hundred million dollars by the Army. Have there been any substantial declarations of surplus property thus far by the Navy Department?

Mr. SYMINGTON. Not as much as by the Army, sir. They are in the process now of giving us substantial surplus declarations, so we have been advised.

Mr. WHITTINGTON. Have any of the other executive agencies or Government departments declared surpluses of war property? Everybody came to Congress, every executive department, and asked for increased appropriations, stating it was essential to the prosecution of the war. Now I want to know if the other departments of the Government have declared the property that they acquired, that Congress appropriated for, generally, any of them, surplus?

Mr. SYMINGTON. Well, there have been some declarations, sir, but a very large proportion has been by the Army and Navy.

Mr. WHITTINGTON. Would you care to state, just from memory, generally, what other departments have declared surplus property?

Mr. SYMINGTON. I would rather check it, if I may, first.

Mr. WHITTINGTON. I beg you pardon?

Mr. SYMINGTON. I would rather check it, if I may, first.

Mr. WHITTINGTON. Just to refresh your memory, what about the War Food Administration, with the hundreds of millions of food which has been accumulated for the war, since the cessation of hostilities in Germany, has that been made available as surplus?

Mr. SYMINGTON. You are talking about in this country?

Mr. WHITTINGTON. Yes, for the present.

Mr. SYMINGTON. It has been moving so fast that I do not know how much they have declared surplus.

Mr. WHITTINGTON. It is fair to say we put a provision in the act saying it should be handled by the War Food Administration, and it did not give you much power—I mean the Senate insisted on the provision. That is a fair sample of the things I call restrictions and limitations. You said that when you came in some 30 days ago you did not have general counsel. There had been counsel, either general or special, who had resigned about that time, is that not true?

Mr. SYMINGTON. Several weeks before I came in, sir.

Mr. WHITTINGTON. I understand; but previous to that time?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. Your predecessor had resigned, and I think the country should be congratulated upon having a man of your type and qualifications as Chairman of the Board—and I speak most kindly here of the other two members of the Board.

Now, with respect to the Administrator generally, we have one man as president of banks, one man as chief executive officer of practically every corporation or business of consequence in the country. It is essential for efficient administration and prompt conclusions, and I favor the Administrator as opposed to the Board idea.

I have in mind one board set up by the Congress—and I think a single Administrator would have been preferable. We had nothing but difficulties with the Tennessee Valley Authority because of divided authority, and it took a decision of the court and the President to get that matter adjusted.

But the arguments now that have been made for a board—and you will recall that when this surplus-property bill passed the Senate, that they had a board of six or seven members over there—the argument is made that there is too much power and authority for a single, individual Administrator, where he may dispose of 10 billion or 50 billion dollars or more of property.

Is it not true, sir, that under the terms of the act the Administrator would be limited by the provisions of the act, including the disposal of plants, to plants that cost less than \$5,000,000? That is, the existing act.

Mr. SYMINGTON. Yes, sir. Prior to submitting a report to Congress he would be limited in selling plants in the first eight groups to plants under \$5,000,000. The \$1,000,000 figure relates to the Department of Justice.

Mr. WHITTINGTON. That is right; one under section 19 and the other under the section with respect to the opinions of the Department of Justice on antitrust and other laws.

But now, with respect to plants, having asked you about the general reports Congress and the country are entitled to, to be filed every 3 months with your recommendation, whatever it would be worth—my view is that the Congress is going to be entitled in the amendments of the act to the recommendations of the Administrator, because I think our difficulty among other matters is going to be in getting the War and Navy Departments and other agencies to declare property surplus.

We have a hundred statutes on the books, almost, with respect to disposal of surplus property. But back to plants now, the Board was required to submit, under section 19, as you indicated, reports covering the cost, location, and other matters in connection with

plants, within 3 months. Have those been submitted, and, if so, how many reports have been submitted?

Mr. SYMINGTON. No, sir. There have not been any so far.

Mr. WHITTINGTON. In other words, the Surplus Property Board under section 19 required to submit reports, have not submitted reports. Have you any statement to make as to why those reports have not been submitted? I am sure the committee and the country understand you are not responsible. You were not on the Board, but frankly, as a member of this committee, I am just wondering if we can tell Congress or the country why they have not had such reports about the valuation of these plants, the necessity of those being continued, where they are constructed, and so on, as provided by section 19?

Mr. SYMINGTON. The only statement I would like to make is that the preliminary draft of the steel report is done. I read that last night.

Mr. WHITTINGTON. You had a large job.

Mr. SYMINGTON. Yes, sir. The aluminum report is going to be concluded this week. So we expect both of those reports to be in your hands by the end of the week. And they are the two the people are most interested in.

Mr. WHITTINGTON. Well, speaking of reports, the civilian population of the United States has been most patient. And they have been denied pots and pans, and aluminum, just to mention a few items, the housewife has been deprived of. And under the stock-piling provisions of this act, there was made available to the civilian population of the country some of those metals for a period of 6 months.

Would you care to make a statement as to the compliance with those provisions, in that report? Did you make any report to Congress, or was anything said by the Board as to what property had been disposed of—copper and aluminum particularly—under the terms of the stock-piling provisions of the act?

Mr. SYMINGTON. No, sir. I do not know much about that provision.

Mr. WHITTINGTON. You will recall under the act they were made available to the civilian population?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. With all due deference, I think that Congress and the country are entitled to know. We were advised in our hearings of the enormous surpluses of aluminum, and the enormous surpluses of copper, and we are entitled to know why the civilian population of the country has not had an opportunity to buy, as we stipulated in this act, within 6 months, at least a part of their needs. And when we come to hearings on amendments to the bill, I believe, for whatever that statement is worth, we are entitled to such information.

Now, as you are aware, there are many bills pending in Congress for amendments to substantive provisions of the Surplus Property Act. And I think the committee has taken the sound attitude and sound stand that when we amend the act, it ought not be by piecemeal, and that we are entitled to the recommendations of the agency entrusted with the administration of that act.

But as I have indicated, it has been delayed, and we have just had piecemeal recommendations. We have had piecemeal consideration of legislation, without even your Board being heard by the committees of the House of Representatives. And it would absolutely nullify and destroy fundamental, essential concepts, as well as provisions of the act, if that piecemeal legislation had been finally passed and had been adopted by other departments of the Government in asking that they be permitted to retain substantially their war surpluses.

Now in a word, and to summarize, Congress—and I speak as a Member of Congress—did not provide for the disposal of surplus war property, and the first provision was made whenever we said that the disposal should be made by the Executive order of the President. And that order was dated in the spring of 1944, and the President promptly recommended the establishment of a permanent administrative agency.

Now with respect to plants, in the construction of these plants and in their operations, as I recall, there were options. Maybe the options have expired. As I recall, the only substantial plants valued at many millions of dollars, up in the neighborhood of \$30,000,000, as I recall—I think I am substantially correct—were disposed of by the Administrator under the Executive order, and they were steel plants. Is that substantially the only plants that have been disposed of or were disposed of under the Administrator Executive order?

Mr. SYMINGTON. There were a group of about five plants disposed of to the Bethlehem Steel Corp., for \$19,000,000.

Mr. WHITTINGTON. That is right—substantially the option value?

Mr. SYMINGTON. Yes, sir. And then there were about five more plants that have been disposed of. The total was around about \$24,000,000. And then there were a few more, so that your \$30,000,000 figure, I would say, would be very close. It is changing every day. We are seeing a little action now in plant sales.

Mr. WHITTINGTON. Yes. Now I am wondering if you have made any study, if you have had any opportunity, or if you have matured your conclusions. And frankly, I want to congratulate you upon the judgment and the discretion with which you are operating this surplus act thus far. We will be asked again and again as to the disposal of these plants. Is there anything you care to say about that incidentally in connection with the proposal under consideration, and have you matured any recommendations? I agree with you that there are restrictions in the existing law which should be removed, but good and efficient administration under proper regulations will promote the needed and prompt disposal of surplus property. The intent of Congress and proper disposal can be effectuated by efficient administration. The problem is largely administrative.

Mr. SYMINGTON. Well, the three major problems that there were in plant disposal might be considered the price angle, and the question of whether the disposal was a monopoly, and the question of whether the machinery in the plant would or would not affect small business by sale.

It seemed to us, sir, those were the most important. The policies of the Reconstruction Finance Corporation in recent weeks have been very constructive toward the furtherance of sale. And they have a major plan, a sales program, you might say, to move these plants

wherever possible. The Department of Justice have also assured us that they are getting into the question of whether or not the plants can be sold, from the standpoint of their position under the act. And now that we have so much machinery declared surplus, the objections from the standpoint of the small businessmen, we think, are pretty much theoretical as against what they might well have been a month ago.

Mr. WHITTINGTON. I would like to ask you generally, has there been any declaration of surplus land, Army installations, particularly, because as you say, the Navy has not begun to declare surpluses.

Mr. SYMINGTON. It has begun.

Mr. WHITTINGTON. That was one of the major matters of contention. Mr. Bender and the other members of the conference committee will recall that we had a great deal of trouble with that. Has there been disposal of land?

Mr. SYMINGTON. Yes, there has been some.

Mr. WHITTINGTON. The act has been complied with?

Mr. SYMINGTON. We have been working on that, the administrative aspect of the act is that classification problem.

Mr. WHITTINGTON. Just a word, finally. Your proposal and your recommendation, concurred in by the members of your Board, is that there be created a single Administrator; with the Administrator, that all of the rules and regulations adopted by your Board will remain in full force and effect until superseded by your regulations, and that the employees will be transferred from the Administration generally to you, with power to you as single Administrator, pending the amendments to the substantive act, to make any other or supplemental recommendations, or additional regulations. That, in a word, is the substance of this proposal you are recommending to us?

Mr. SYMINGTON. Well, of course, I do not know whether I would be nominated or confirmed as the single Administrator, but whoever is the single Administrator, that is the way it is.

Mr. WHITTINGTON. But whether you are or not, that is the proposal you recommend?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. Because, without transferring functions and without transferring personnel and without continuing the regulations, and without giving you power to provide new regulations, it would not get us anywhere?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. And that is the substance of the matter we have under consideration?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. And I personally favor that proposal. But I do at the same time urge that in the event you are appointed as the successor of the chairman of the Board, which I hope will be the case, that immediately there be submitted recommendations, so that this committee and the Congress may go into the matter of amending some of the provisions of the act that should be amended. That is all.

Mr. HOFFMAN. Is not what Mr. Whittington said last, this final summary, H. R. 3851?

Mr. WHITTINGTON. Yes; as amended by the committee substitute.

Mr. HOFFMAN. Do you know of anyone on the committee opposed to it?

Mr. WHITTINGTON. No; I do not.

Mr. RICH. In reference to these reports you ask to be inserted in the record, would it not be sufficient to refer to certain reports, rather than have them embodied in the record? Would not that be sufficient, without printing those voluminous reports? Save unnecessary printing.

Mr. WHITTINGTON. In deference to the suggestions of Mr. Rich and Mr. Cochran, I am going to ask the chairman, instead of inserting those quarterly reports, to identify them and give their dates, because they will be available. As a matter of fact, I have a copy of the first one here, and I am sure you will furnish a copy of the second one as well as the third one.

Mr. JUDD. Mr. Symington, you said that yesterday your Board approved disposal of \$500,000,000 of surplus property. I assume it is consumer goods.

Mr. SYMINGTON. Yes, sir.

Mr. JUDD. And most of that will be disposed of through the Department of Commerce?

Mr. SYMINGTON. Yes, sir.

Mr. JUDD. Well, for our information, about how long do you estimate it will be before the bulk of that material appears on the shelves so that people can buy it, as your program is operating?

Mr. SYMINGTON. Congressman, that is a rather hard question to answer. The way it came up in the meeting of the Board was, how we could expedite it from the standpoint of priority problems.

Mr. JUDD. In the first place, it has to go through a 30-day period of priority?

Mr. SYMINGTON. We do not believe this will. We think we can change our regulations and expedite it.

Mr. JUDD. After it gets through the priority period, whatever date it is, what further delay will there be?

Mr. SYMINGTON. There should not be much delay.

Mr. JUDD. That is the thing people want to know, when and where will we get it.

Mr. SYMINGTON. I think within 60 days.

Mr. JUDD. That material will be available then?

Mr. SYMINGTON. No question about that. We expect to sell—well, there is some betting going on about that—the low figure is two hundred millions we hope to sell in September. That would be a great deal more than Commerce has sold, I think, to date.

Mr. JUDD. Do you know about how much has been disposed of altogether?

Mr. SYMINGTON. I do not know that figure right now. I have it, but I do not have it with me.

Mr. JUDD. May I ask this question, not trying to anticipate what your views may be in 30 or 60 days, when you want to make recommendations regarding substantive changes. Have you any statement you would like to make offhand now as to whether you think there would be more or less benefit to the country and to the people as a whole through getting rapid disposal of this surplus property, even if some of the preferences and priorities were bypassed, than there would be through making sure that other agencies of the Federal Government, and States, and municipalities, and the veterans and the charitable and educational institutions, and so forth,

will get first chance at it? Do you think there might be more benefit on the whole through getting it disposed of before new products get on the market with which it would compete?

Mr. SYMINGTON. Let me answer it this way: Until VJ-day, there was such a limited amount of surplus it was difficult to guess what the Federal or State governments might want. Now, with such a great amount of surplus, recognizing how important it is to get it out as soon as possible, so the people can have it and so it will not compete with the new civilian economy, we are making reservations in percentages of these various articles, figuring that in doing that we can conform to priority directions of the Congress, and then go ahead and sell the rest as soon as we can.

Mr. JUDD. Do you think it might greatly improve the act if a lot of these priorities and preferences were eliminated entirely?

Mr. SYMINGTON. I would rather not comment on the details, if we can get along with these provisions under some constructive legal interpretation. If we can get along and skin the cat in some other way, we presume that is satisfactory to you, as long as we skin it.

Mr. JUDD. Very satisfactory. Personally, I feel that the benefits to be gained from these so-called social and economic objectives are outweighed by the benefits of rapid disposal. That is, I think the first social and economic objective should be to get it sold while there is a great market for it and before it would compete with new production and thereby reduce employment.

Mr. SYMINGTON. We agree with that.

Mr. JUDD. I have no other questions now.

The CHAIRMAN. Mr. Mansfield?

Mr. MANSFIELD. I have no questions.

The CHAIRMAN. Mr. O'Toole has a question.

Mr. O'TOOLE. Mr. Symington, one of the paramount problems in this country today is the readjustment of the veterans. I believe more people are interested in that than any other problem. The city of New York has a great volume of surplus property to be disposed of. A great many veterans are anxious to start in business for themselves, and it is essential for them to get motor vehicles. There are over 4,000 applications on the part of veterans to buy Government automobiles in the city of New York.

Last week 500 automobiles were disposed of by some of the surplus property groups. Not one of those trucks went to a veteran. Have you any recommendation to make that would make it easier, or would make the law more pliable? So that the veteran might be given his chance to obtain these vehicles?

Mr. SYMINGTON. Well, Congressman, up until recently there has been a great shortage of motor vehicles. We know that, sir, because we have had this problem of allocating trucks to agriculture.

Mr. O'TOOLE. I am not saying it by way of criticism.

Mr. SYMINGTON. I am just trying to present it to you. The second point is, a regulation which we passed limiting the veterans to \$2,500 in preference. We think that is wrong. We plan to repeal that and make the figure either limitless or a higher limit. Presumably, it would have to be a higher limit.

Just thinking aloud on it now, the only aspect that worries us is, we are anxious to have these vehicles go through dealers, and the veterans would have to go to the dealers to get their trucks. Otherwise,

you see, the Government may find itself in a position where it had sold automobiles or trucks that were in bad shape, much worse than a fellow would think it was if he bought it direct. But we can do a lot of work on that. We are not satisfied with the veterans' regulation. It has been before the Board this week. We want more time to study the situation and talk with people about it and to get opinions like you give, before we make the changes, because we would like to make them all at one time.

Mr. RICH. We have, as I understand it, about 10 agencies of the Government now disposing of this surplus property. Would it be your recommendation, if you were appointed head of this surplus property disposal, to continue the agencies that now have the authority to make this disposal, or in other words, do you not believe that you could aid and assist the general public by getting this on the market faster and at a better price to the Government, if you were to consolidate these agencies in the disposition of this property?

Mr. SYMINGTON. Well, I think there are only eight disposal agencies, if you say A. N. L. C. abroad is the ninth. But our problem today is people and outlets. That is so in any merchandising problem, the more stores you have, the more goods you will sell; the more people you have trying to sell those goods, the more goods you will sell.

If it had been 2 years ago, when we could have sat down and planned and streamlined and centralized the disposal problem, it would have been one thing. But today it is all here, billions and billions of dollars of it, and the more people we have trying to sell it, and the more offices we have throughout the country where it can be discussed, discussed incident to sale, the more merchandise we will sell quickly.

As to whether or not we should streamline all that, that is a matter that from an operating standpoint we have been studying and will be prepared to present to the new Administrator. But it would not be my thought that we ought to eliminate agencies, if in the elimination of agencies at the same time we eliminate our people tomorrow who are working on surplus property today.

Mr. RICH. The only thought I have is, in certain cities you have probably five or six of these agencies in one city, in other communities you have none. And another difficulty is in trying to locate the merchandise which you are interested in. One city may have it and the other may not, whereas if you consolidate your agencies you would be able to get them the information immediately on request.

Mr. SYMINGTON. Well, if we consolidated all those, just thinking aloud, we might accomplish the same thing without taking people off the job.

Mr. RICH. Well, that is the point I want to make. If you can do that, that would be a fine thing, because there is where we are lagging now in getting this merchandise to the public at the earliest possible moment.

Mr. SYMINGTON. Yes, sir.

Mr. RICH. Now, one other question, and that is in reference to declaring property surplus by the Army or Navy. If you had charge of this Administration, and you find out that they are going to declare property surplus that within 3 or 4 or 5 months they will come back and want to reorder, we have to be very careful from the fact that the Army and Navy will throw these things on the market and then want to repurchase. It has been the case in other agencies

of the Government, and now it could easily happen here, and I think you would have to be very careful in watching that.

Mr. SYMINGTON. Yes, sir.

Mr. RICH. It seems to me, from the statements made a while ago, that you have \$2,469,000,000 of surplus property.

Mr. SYMINGTON. That was as of June 30, as I remember.

Mr. RICH. Yes; June 30. And that a billion seven hundred million of that is airplanes, only leaving \$743,000,000 of other property for sale. Now, do you figure that you are going to put on the market declared surplus in a much greater amount than the seven hundred and forty-three millions?

Mr. SYMINGTON. Well, we had five hundred millions last week.

Mr. RICH. Well, then, that has been increased over and above the figures you gave this morning?

Mr. SYMINGTON. Those figures were as of last June 30, sir. There are billions of dollars, or hundreds of millions of dollars of consumer goods, declared surplus since the 1st of August.

Mr. RICH. Well, then, if you were to be set up, and I presume you will be, and I hope you will be, because I am very much impressed with the hearing this morning, you have in your agency now, you wish to establish an agency large enough to employ 403 people?

Mr. SYMINGTON. Yes, sir.

Mr. RICH. Why is it going to be necessary for you to have that many employees when your sole objective is to establish the policies for these various nine agencies now in the disposal of this surplus property?

Mr. SYMINGTON. That is a very good question, sir. But here is some of that problem. First, we do have two administrative characteristics to the act. The first is that we have to classify all real estate, and that in itself is a pretty large dish. And the second is that under the appropriations act, not in this act, but in another act, we are responsible for the money that is spent in disposal by all the disposal agencies, and naturally we are doing the best we can to see that the money is handled the way you would like to have it handled—those two.

Mr. WHITTINGTON. I want to hear that last statement about other appropriations. I did not hear you.

Mr. SYMINGTON. Under another act, sir, we are responsible for all the money that is spent for disposal by the disposal agencies. That is, we have to approve to the Bureau of the Budget the money that they spend, and that is a great deal of money, sir. It may run into hundreds of millions of dollars.

Mr. JUDD. That they spend in merchandising?

Mr. SYMINGTON. Exactly, sir.

Mr. RICH. That is very essential. I can see, if you are responsible for that part of the act, then you would require a greater number of employees than I thought you would under the statements made previously.

Mr. SYMINGTON. Yes, sir.

Mr. RICH. My thought is this, the same as expressed a few moments ago, that the quicker you can put this on the market to the American people, the better off this country will be and the better off the American people will be. And I hope you will use every effort to that end, with the least time lost and delay that is possible.

Mr. SYMINGTON. Thank you, sir.

Mr. WHITTINGTON. If Mr. Rich has concluded, and will yield, I want to ask one question before we take a recess. As indicated by Mr. Hoffman, Mr. Symington, we have H. R. 3851, introduced on July 19, 1945. I would like to ask for the record if you and the general counsel, Mr. Hugh Cox, former Assistant Solicitor General of the United States, have examined this bill, and whether or not you and Mr. Cox are prepared to say that the bill as introduced will effectuate the recommendations you have submitted to the committee, and if you have any amendments or modifications or clarifications, we would like for you to submit them when we return this afternoon.

Mr. SYMINGTON. We will do that.

Mr. COCHRAN. Mr. Chairman, in that connection, I would suggest that Mr. Cox get in touch with Mr. Beman, sitting over here, the chief legislative counsel, and work out the proposal that would carry out the recommendations of the President, and Mr. Symington.

Mr. WHITTINGTON. Of course I concur in that, because Mr. Beman will advise us.

Mr. COCHRAN. He will be our legislative counsel.

Mr. RANDOLPH. Mr. Chairman, I would like to ask the witness if he or the staff that works with him has made an effort—

Mr. COCHRAN. Would you yield for a second? Mr. Manasco, I am proposing a motion to go into executive session. We are going to recess in a few minutes. I want to make a motion in executive session with reference to our procedure.

Mr. RANDOLPH. Mr. Chairman, I return to the question by inquiring if you or your associates working with you on this problem have come to any conclusions as to possible percentage returns of the over-all cost to the Federal Government which we will realize upon the sale of this property?

Mr. SYMINGTON. You mean how much we will get back from its sale as against its cost, sir?

Mr. RANDOLPH. Percentage-wise.

Mr. SYMINGTON. Percentage-wise I think that is going to be a surprisingly low figure, primarily due to the lack of recovery in the airplane field. And we have very little to do with ships, but I have heard that 24 cents of every dollar went to aviation, and about that went into the naval construction. And these airplanes, we will collect so little, except scrap value, that the figure is going to be a surprisingly low figure. We have difficulty getting people to recognize that problem.

Mr. RANDOLPH. Would you say within approximately 10 percent might be a fair figure, if we have a hundred billion, roughly, we might realize ten billion?

Mr. WHITTINGTON. With deference, and without meaning to interrupt, I suggest you take your time in answering that question.

Mr. SYMINGTON. I would say the hundred billion figure is very high. I do not believe there is that much surplus. As to what percentage of that we will collect, maybe if you give me until we get back; if you want us back, we can give that to you.

Mr. RANDOLPH. What was the percentage after World War I?

Mr. SYMINGTON. That I would not know.

Mr. RANDOLPH. I think that information would be helpful.

Mr. SYMINGTON. Yes, sir.

Mr. RANDOLPH. The picture is not the same because of the airplane situation?

Mr. SYMINGTON. Yes, it's a different type war we wage now.

Mr. RANDOLPH. One question, and then I am through. How much aircraft will we have, approximately, for sale?

Mr. SYMINGTON. In numbers of planes?

Mr. RANDOLPH. No, in over-all cost.

Mr. SYMINGTON. Oh, I would not know those yet, sir.

Mr. RANDOLPH. No estimates have been given to you by the Army or the Navy?

Mr. SYMINGTON. We have not the estimates. They are working on what planes they should or should not declare surplus. And then the question comes up, Mr. Randolph, what planes to leave abroad and what planes to bring back. There is not much use in bringing back an obsolete airplane. It costs a lot to bring it back, unless you want to bring some troops back, and that would be especially true of planes that could not make the hop.

The CHAIRMAN. The committee will stand in recess until 2:30. We want to go into executive session.

(Thereupon, at 12 noon, a recess was taken until 2:30 p. m. of the same day.)

SURPLUS PROPERTY BOARD,
Washington 25, D. C., August 31, 1945.

HON. CARTER MANASCO,

Chairman, Committee on Expenditures in Executive Departments,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: At the hearing held before your committee on August 28, 1945, Congressman Randolph of West Virginia asked for information about the relationship between the price received for surplus property and the original cost of the property.

Between June 1, 1944, and June 30, 1945, surplus property has been sold that cost the Government \$410,947,000. The price received for this property was \$217,399,000. In other words, we have recovered 52.7 percent of the original cost.

I think that I should say that this figure cannot be regarded as indicative of the return that we will get from the sale of all property that is declared surplus in the future. Without attempting to make any prediction, I should suppose that the percentage of return will be much lower from now on. This will be particularly true because of the increasing quantities of unsalable combat material that will be declared surplus.

The best information that I can get indicates that from the sales of surplus property made after the First World War the United States recovered approximately 37 percent of its original cost.

Sincerely yours,

W. STUART SYMINGTON,
Chairman.

AFTER RECESS

The committee met subject to adjournment at 2:30 p. m., Hon. Carter Manasco presiding.

The CHAIRMAN. When we adjourned our colleague, Mr. Randolph, of West Virginia, was interrogating the witness and he may resume his interrogation.

STATEMENT OF W. STUART SYMINGTON, CHAIRMAN, SURPLUS PROPERTY BOARD—Resumed

Mr. RANDOLPH. Mr. Chairman, when the committee recessed at noon, I had not concluded my interrogation of Mr. Symington and I

desire to carry forward a point I was addressing to him for his observation. He has a very keen interest in the aviation industry both as a pilot and an individual who has a responsibility in connection here with the disposal of aircraft, and possibly, likewise, with the disposal of plants by the manufacturers of aircraft, and probably the airports which will be declared surplus by the Army and Navy.

Mr. Symington, what is your estimate, if you can give me an estimate, of the number of planes that we have in the way of surplus aircraft that will be put on the market? If you cannot give me the number, can you give me the approximate amount in dollars.

Mr. SYMINGTON. You mean aircraft that might be salable?

Mr. RANDOLPH. Yes, sir.

Mr. SYMINGTON. Well, I could not answer that question in the future, but I could answer it from the standpoint of salable aircraft up to a fairly recent date, say, as of around the 30th of June.

Mr. RANDOLPH. That would be helpful.

Mr. SYMINGTON. Up to that time they had around 15,000 airplanes which they felt were salable, and the value of those airplanes was around \$275,000,000. Of course, they were primarily small airplanes like trainers, etc., of which they had sold around 7,000, which was about \$70,000,000 of the \$275,000,000; in other words, practically all of the smaller planes were sold first, and of that \$70,000,000 in original costs they recovered the amount of \$14,000,000.

Mr. RANDOLPH. I think that is a high rate of recovery cost.

Mr. SYMINGTON. I thought that was fine.

Mr. RANDOLPH. And the sales will perhaps taper off because the larger aircraft remain to be marketed.

Mr. SYMINGTON. Yes, sir; that is quite true, but they have a few planes, for example, the Lockheed Lodestar, of which I think the price is about \$50,000, and if they put a plane like the C-54 on the market, that will be immediately gobbled up, but the more expensive combat planes practically will have no market.

Mr. RANDOLPH. Do you feel that the plan for sale of aircraft is about as good as we can devise through the RFC?

Mr. SYMINGTON. I think there could be improvement upon it.

Mr. RANDOLPH. Do you think there should be more sales centers?

Mr. SYMINGTON. I am speaking only for myself and not for the rest of the board. I think that they could utilize dealers and distributors more.

Mr. RANDOLPH. Notwithstanding contention of the men in active control and the operators and others that we have roughly 30 to 35 sales centers throughout the country, if these planes could be put in the hands of the local airport operators, flight operators, fixed base operators, they could get them in the hands of the public. The public will not go a long distance to seek a certain type of plane.

Mr. SYMINGTON. Yes, sir.

Mr. RANDOLPH. But if there were more of those sales centers for the purpose of additional airports, the sales could be stepped up materially, and I am glad the viewpoint expressed by the active men in the field of aviation is yours.

That is all I had to ask.

The CHAIRMAN. Mr. Henry, have you any questions?

Mr. HENRY. Yes, sir, Mr. Chairman.

Mr. Symington, there is one problem which has concerned me considerably. As I understand, under the present law, the various agencies declare that they have commodity surplus and then your agency defines the method of disposal of that surplus?

Mr. SYMINGTON. Yes, sir.

Mr. HENRY. Now, you may feel that an agency which is declaring property surplus is not declaring it fast enough. You may be convinced of that fact and the only recourse that you have is to refer it to the Congress and that the Congress is supposed to act. The difficulty there, as I see it, is that there would be one agency of the Federal Government complaining about another agency. Now, human nature just does not function that way.

Now, don't you think one Government agency would hesitate in finding fault with the way another agency was functioning? In other words, I will ask you this:

Have you any definite plans as to how to proceed in the case of some Government agency that is negligent in declaring surplus property?

Mr. SYMINGTON. Right now we are pretty well swamped with what they are declaring. As soon as that period is over it will be to our interest to sit down with them and analyze their inventory under our duties, under the act, and we would not hesitate a minute if we did not agree with them in reporting the fact to you.

Mr. HENRY. I recall that immediately following the last war there were immense quantities of surplus property stored in warehouses, paying rent, and those articles were there for a long, long time and depreciated in value, and no apparent effort was made to dispose of them, and I for one feel that the immediate disposal of the articles would be the practical course. What I was worried about was that one agency would have to find fault with the way another agency was functioning. Ordinarily that is not done. I wondered if you had any experts who go out and investigate and find out whether these agencies are declaring their property surplus fast enough.

Mr. SYMINGTON. No. We have a compliance division with respect to the operations of the disposal agencies. But the act was so definite in its notification to us and to everybody from the standpoint of surplus property that until VJ-day that in a sense it was not over yet and that we did not feel that it was our prerogative to get too nosy about what the Army and the Navy were declaring. As you stated, it is very important that as soon as we get caught up with the big push of the last few days why we will work with the Army and the Navy. They have been very cooperative. However, if we did not agree with them, we would report it to you.

Mr. HENRY. Have not the RFC and the Maritime Commission been selling over the desk, over the counter, in Washington, on the first come, first served, basis?

Mr. SYMINGTON. Do you mean by that, without respect to priority, sir?

Mr. HENRY. Yes.

Mr. SYMINGTON. I would not know that. They should not be doing it if they are.

Mr. HENRY. There have been rumors to the effect that they are doing that very thing. It has also been rumored that the RFC has removed 95 percent of its tools from surplus and placed them in their account of property to be made salable to the public.

Mr. SYMINGTON. What case was that?

Mr. HENRY. I am asking you. I do not know.

Mr. SYMINGTON. I would have to know more about it to answer.

Mr. WHITTINGTON. Would you repeat that question?

Mr. HENRY. Did not the RFC remove 95 percent or more of its tools from the category of surplus and place them in an account as owned property, removing it from sale to the public?

Mr. SYMINGTON. My answer to that would be that they did not.

Mr. JUDD. What would have been the idea back of that—to avoid competition with the machine-tool industry?

Mr. HENRY. What I was afraid of was the effect that would have on small industry; that it might be to the benefit of big industry.

Mr. WHITTINGTON. As I understand, under the law, if that property were declared as surplus it would have to be turned over to the RFC and nobody but Congress would have a right to take it away from the RFC except some agency of the Government might ask for priority on it, and then it would be by appropriation by Congress.

Mr. HENRY. Could not the RFC itself remove certain articles from the category of surplus?

Mr. WHITTINGTON. I do not think so. Once declared surplus, they are surplus.

Mr. SYMINGTON. I think what somebody has been talking about is regulation 6. It was passed as an effort to sell Government-owned machinery in the contractors' plants. In that regulation they had a list of machinery that should not be sold because they were in short supply, and as a result of that there had been considerable discussion as to whether or not small business was or was not protected. That came up in Senator Stewart's committee, but there would be no reason or point, as I see it, for the RFC to pull back. They are a disposing agency and there would be no reason for them to pull back machinery into their own account.

Mr. JUDD. Unless the RFC bought some itself for its other activities.

Mr. SYMINGTON. That is right.

Mr. JUDD. It would be buying from itself as a disposal agency.

Mr. SYMINGTON. If it was an owning agency, Mr. Judd, it would be allowed to transfer; if it was an owning agency it could declare surplus goods and the disposal agency could withdraw them and become an owning agency on its account.

Mr. JUDD. That is right.

Mr. SYMINGTON. But we do not know of a case of that kind; at least, I do not know of any.

Mr. HENRY. Has any policy been established which would provide for the disposal of surplus property through exporting it?

Mr. SYMINGTON. I do not quite understand that, sir.

Mr. HENRY. Well, has there been any policy established that you know of which would help dispose of large quantities of surplus material that we have through exportation?

Mr. SYMINGTON. The FEA for itself and for UNRRA abroad operates and holds priorities on the materials which we have abroad. And the act reads with respect to certain agricultural commodities, but I know of no plan to move anything out of here at this time and send it abroad.

Mr. HENRY. What I had in mind is that many foreign countries have large balances in this country and need to buy commodities,

and I wondered if that would not be a way to get rid of a lot of these surpluses.

Mr. SYMINGTON. Of course the other side is that we have a lot of material abroad that we want to sell.

Mr. ERVIN. The answer to that question is that they want us to give it to them and not pay for it.

Mr. GOSSETT. I have had a number of administrative items come to my attention. Last Friday I had a meeting with the automobile dealers and the dealers of automotive equipment down in Wichita Falls, Tex. They came to me and I did not go to them. They had a complaint which they voiced that there were surplus-property sales held and they had come 200 or 300 miles distance. They said they were asked to draw numbers and if a man's number was called he was permitted to buy one truck or one machine or some automotive supplies, maybe just a few dollars worth of parts, and they said it was not worth while. Their complaint was that if the dealers were going to handle the surpluses that they ought to be permitted to buy in a sufficient quantity that would justify their going to sales and transporting the equipment because obviously an automobile dealer cannot travel 300 miles on the outside chance of buying one vehicle, and I just wondered if that has been studied as an administrative problem by the Board.

Mr. SYMINGTON. No, sir; the question would be one of whether all the people there had a fair chance to buy. I would like to look into that matter.

Mr. GOSSETT. Here were some 15 or 20 responsible businessmen who said these sales were not properly handled and they would rather take a chance on larger lots rather than on one truck.

Mr. SYMINGTON. If they won an allotment in a draw, they ought to be allowed to draw more.

Mr. GOSSETT. Yes, sir.

Mr. SYMINGTON. I will look into it.

Mr. GOSSETT. They had another complaint: Unfortunately the Army sergeant or officer in charge of supplies would usually take the supply catalog and would select 3 dozen or some number of an article whether they needed it or not, and buy across the board, and they had a lot of the parts which were not usable and they would put some of the unusable parts with the good parts and you had to buy all of it or none of it. That may be all right, but those men were objecting to it. They called those tie-in sales.

Mr. SYMINGTON. What is that?

Mr. GOSSETT. They were tie-in articles. You could not get a usable article without an unusable article. There is a question which may come up and we may have the cart before the horse and we may add it when we rewrite the bill as to whether or not we should try to limit either the profit or the selling price of property. A complaint arises where somebody goes over and buys a great lot of shoes at say 15 cents a pair although they cost the Government \$3 a pair, and then goes into a local market and offers those shoes for sale at a price which depresses the local market. Some think that must be handled by the Surplus Property Board through either fixing the minimum at which it may be sold or the maximum profit at which the retail sale may be made. Have you folks arrived at any conclusion as to the selling of such property?

Mr. SYMINGTON. Yes, sir; it has been a matter of interest to me personally. I hoped that we could allow a relatively large net profit as against the average wholesaler or retailer's profit, say 15 percent, and I have asked Mr. Cox what he thought about it. He says you will run into difficulty due to its involving a control of the retail selling price.

Mr. WHITTINGTON. If my colleague will permit my interrupting him at this point, it has been brought to my attention that the Price Administration has been fixing resale prices very generally and that question has not directly arisen in the Surplus Property Administration because of, due to that fact. I have one constituent who bought 3,000 small articles and he has been called upon to refund \$1 on each article sold for \$3. The Price Administration is fixing the resale price right along now.

Mr. GOSSETT. There are a lot of other things which have given me some concern. In this act we passed we wrote in there that nothing should be destroyed until a bona fide attempt had been made to sell and a bona fide attempt made to give away, and then a 30-day notice of destruction. I wonder if that is being complied with, or do you know? I have heard of some of these Army camps burning up scrap lumber that farmers in the community would have liked to have.

Mr. SYMINGTON. I do not know of any such case. We had a case where an Army camp was supposed to be wrecking buildings, but we found upon investigation they were taking the boards down in order to use them somewhere else.

Mr. GOSSETT. Has the old CCC property been turned over to you for disposal?

Mr. SYMINGTON. I am afraid I do not know the alphabetic currency.

Mr. GOSSETT. I am referring to the Civilian Conservation Corps. We discontinued the Civilian Conservation Corps camps.

Mr. SYMINGTON. I would not know it.

Mr. COCHRAN. The law provided that it should be liquidated.

Mr. GOSSETT. It has not been.

Mr. COCHRAN. It has been turned over to the communities in part.

Mr. GOSSETT. I was in Alaska and I was there at one time when they had a very nice CCC camp, all of the buildings right on the edge of the town, with sewage, showers, and water supply and they were just lying there and there was no one to order them to be put to use.

Mr. COCHRAN. The Civilian Conservation Corps was not a war agency in any way. It went out of existence when the war began.

Mr. GOSSETT. Somebody should be taking care of the disposal of that equipment.

Mr. COCHRAN. The Procurement Division of the Treasury is in charge of the liquidation.

Mr. GOSSETT. Does your agency have charge of the disposal of Army hospitals and Army camps?

Mr. SYMINGTON. Yes, sir.

Mr. GOSSETT. I have just returned from a trip to Alaska and we learned that there they had a tremendous health problem. They have practically no hospitals. There is an Army general hospital at Fort Richardson, out of Anchorage; and there is a Government hospital at Fairbanks, and the local people were worried for fear that those hos-

pitals would be dismantled and moved out and the local communities and the Territorial government were anxious to get those hospitals. Will they have to go through you to get that material?

Mr. SYMINGTON. To be frank with you, I am not sure whether that comes under the Department of the Interior or not.

Mr. GOSSETT. Could the Army move those off without saying anything to you about it?

Mr. SYMINGTON. If they declare them as surplus we will have them for disposal.

Mr. GOSSETT. The hospital problem is arising all over the country.

Mr. SYMINGTON. Yes, sir.

Mr. COCHRAN. That is our own fault. We authorized the Veterans' Administration to construct hospitals all over the United States and we did not give them a dime. They had plans and specifications to build but we did not give them a dime when we authorized it. I know as a fact that the Bureau of the Budget has had the plans and specifications from the Veterans' Administration for new construction in present facilities and the Veterans' Administration has not had 5 cents to go ahead and construct them, because all we did in the GI bill was to give them the authorization. There is upward of \$700,000,000 I think needed to go ahead and build additional hospitals and enlarge the present ones.

Mr. WHITTINGTON. If my colleague will allow me to speak in regard to the hospitals, you brought up a very pertinent matter in my judgment in regard to Army hospitals. In the GI bill the Government has authorized the construction of veterans' hospitals but it did more than that. There is a provision in the GI bill which, in my opinion, violates the fundamental principle in the disposal of surplus property in that the bill provides that Army hospitals such as you speak of may be turned over to the Veterans' Administration without any compensation or any credit being allowed therefor against the funds authorized to be appropriated. So these Army hospitals now cannot be used for Veterans' Administration hospitals, but under the GI bill, when declared surplus they may be. Now, with respect to the CCC and the NYA millions and millions of dollars' worth of property were disposed of—given away, if you please, and without any other profits being covered into the Federal Treasury. That was one of the arguments that was utilized by this committee in passing the surplus-property bill—not a war surplus-property bill, but we passed in June 1943 a surplus-property bill that would have saved—that would have resulted in the Treasury receiving millions of dollars in the disposition of the tools of the CCC and shops and other equipment of the NYA on which we spent \$200,000,000 and that material as you properly indicated has probably been given without that Department being charged for its value.

Mr. COCHRAN. That is one of the plans we stood out for and we won it.

Mr. WHITTINGTON. That is right.

Mr. RICH. If these things are correct, this administration should investigate the former administration that permitted those things to happen and I am amazed that we sit here and do not go ahead after it. It is wrong that the taxpayers must support a thing of that kind.

Mr. WHITTINGTON. That happened while you were away from here.

Mr. COCHRAN. And you are familiar with what the Appropriation Committee is responsible for.

Mr. WHITTINGTON. With respect to burning up waste by Army camps and so forth. I do not know what has happened in other cases, but I will say in the past 6 weeks in one instance in a city fairly close to an Army camp where they formerly burned up short pieces of lumber and things of that sort, I saw a city block of lumber that had been sold to a man who will use it to build cotton houses, so that they are not burning it down in my country.

Mr. GOSSETT. This does not come under your jurisdiction, but I am concerned about hospitals. I referred to Fort Richardson, Alaska, because they must have hospitals up there, and it would be a shame to move all that equipment back here and then sell it to a junk dealer, when the whole hospital should be sold intact with all equipment and they are ready to take it over, and I assume the possibility of such a proposal should be considered before it is sold as junk.

Mr. JUDD. Will the gentleman yield for a comment?

I cannot let the gentleman from Missouri's statement about the Veterans' Administration stand without some comment. It is true that we authorized the appropriation of several hundred millions of dollars for hospitals, but in March and April when we actually appropriated seventy or eighty million dollars, as I recall, some of us said we were going to need more hospitals for the veterans. At that time General Hines said that Congress has never failed to give the Veterans' Administration whatever it asked for. I cannot see that the present need was the fault of Congress, when we appropriated all the money for hospitals that the Veterans' Administration asked for.

Mr. COCHRAN. The Veterans' Administration made a mistake in not coming down and asking for more appropriations.

Mr. JUDD. Some of us went down and talked the matter over with General Hines and told him that he had a bigger problem than in the last war. However, Congress gave him every dime he asked.

Mr. COCHRAN. The Army today has thousands upon thousands of men who are ready to be turned over to the Veterans' Administration, but they cannot discharge them because the Veterans' Administration has no place to put them and they still must be hospitalized by the Army although they have received the maximum treatment by the Army; and that applies to the Navy.

Mr. JUDD. We tried to correct it but did not succeed.

Mr. ERVIN. The Army cannot discharge them until they are physically able to be discharged, but when they are discharged they will be turned over to the Veterans' Administration.

Mr. COCHRAN. And the Veterans' Administration has no place to put them.

Mr. ERVIN. And I think that is why the President appointed a new head for the Veterans' Administration.

The CHAIRMAN. Have you any questions?

Mr. ERVIN. No; that is all.

Mr. RICH. I would like to ask a question, Mr. Chairman.

The CHAIRMAN. Mr. Rich.

Mr. RICH. Will this administration, or you as chairman, have the sale of the Federal housing project? Will that come under your jurisdiction?

Mr. SYMINGTON. If they are declared surplus; yes, sir.

The CHAIRMAN. Mr. Rich, let me correct you. I think, under the Lanham Act, the Federal Housing Authority has authority to dispose of its interests.

Mr. RICH. I wonder, Mr. Symington, if you would have supervision the same as you have over things that are declared surplus by the Army and the Navy. In other words, I wonder whether housing would come under your surplus board. I am asking particularly in regard to Friendship Heights which will probably be sold. I understand that some people are feeling that probably will be sold in one big lot and unless something is done a few fellows are going to put in a few million dollars and pick up \$30,000,000 of property. In regard to that I am wondering if we are going to get full value of the property when the time comes to put it on the market. I do not want two or three fellows who can get their heads together to go up and snap it away from the Government. There will be only a few people who will be able to buy it in one block. So I would like to know if that would come under your jurisdiction.

Mr. SYMINGTON. If it is not declared surplus I do not think it would; no, sir.

Mr. RICH. Then you would say it comes under some other group.

Mr. SYMINGTON. If it is not surplus I don't think it would.

Mr. COCHRAN. It is not temporary housing.

Mr. HOFFMAN. What I want to know is what they are doing with all those houses down at Queensbury. There is a case where we have three or four firms who are advertising for workers, and yet there is a bill here to pay the unemployed \$25 a week. Now we have a job for the men if you will let us have the houses to put them in.

Mr. COCHRAN. They are not so far from Detroit; why don't you get them?

Mr. HOFFMAN. Get what?

Mr. COCHRAN. They say they have hundreds of thousands of men wanting employment.

Mr. HOFFMAN. We can get them from the West Side but down at Queensbury you have seven to eight hundred houses there. They will not let them in. If they can have the houses then they will work. Without the houses they will prefer to sit down and receive \$25 for 25 or 26 weeks.

Mr. COCHRAN. Will you pay them a reasonable salary?

Mr. HOFFMAN. What do you call a reasonable salary, paying them more than a Congressman gets?

Mr. COCHRAN. Will there be a chance for me to get one of those jobs?

Mr. HOFFMAN. I want to know if we can have any of those houses. Can we have the Y. A. Building over at Benton Harbor?

Mr. COCHRAN. That other project is over.

The CHAIRMAN. Mr. Resa, have you any questions?

Mr. RESA. I have no questions.

Mr. BENDER. You gentlemen have been asking about the houses. Now before recess you were speaking about real estate and the disposal of real estate. This committee is about to act and recommend favorably, I hope, for a single administrator of surplus property. Now

you say it is more desirable to have one man than three and the three men say that is desirable. However the customer or the person who is making a purchase in a city like mine has to go to eight different places, scattered all over the city, in order to get information regarding a commodity or something that he is interested in purchasing. In other words, there is a shortage of office space for visitors in certain parts of the city, particularly office space. Now these particular agencies are scattered all over the city and you have to travel a considerable distance to get to them. I figured this noon that you have to go 9 miles in order to go from one place to the other. And these Government agencies are renting business space. For example, the Veterans' Administration took the best building in the city, right on the public square, and rented the whole building and these other agencies have space in various other important buildings. Now there are factories that will be a drug on the market, that were used for war work. They are fine, modern, up-to-date, first-class buildings, and could be used to house all these governmental agencies.

I am directing this to your attention in the hope that there may be effected a closer coordination of these Government activities and a better use of these Government plants which were paid for by the taxpayers; and that through such coordination the work of the various agencies will become more effective. Then anyone having any business dealings with those agencies can do it more conveniently. By the same taken and in the same manner it would be more convenient for one man than for three men; so why not get all of these agencies under one roof? I am sure from what I have seen of them that it is entirely possible and that would make the present space occupied available to lawyers, doctors, and manufacturing concerns who needed space. It is for that reason that I call this to your attention.

Mr. SYMINGTON. I think it is a very interesting thought.

Mr. BENDER. It is something that really deserves careful consideration because individuals transacting business with the Government have to go from pillar to post and just do not quite understand that sort of thing.

Mr. COCHRAN. You have in your city a very large Navy Department record office.

Mr. BENDER. That's right; it is directly in the center of the city occupying space that could be occupied by business and professional people.

Mr. COCHRAN. The War Department has offices spread out over the country extending from Newark to Chicago and the biggest one was in Newark. Starting this month, a whole lot of it will do just exactly what you want done. They are putting them under one roof and it so happens they are putting them in a real place; they are putting them in my district in a defense plant which cost \$130,000,000; so they are moving the entire record office of the War Department there, and they are moving it in right now. They are doing it right now as far as the War Department is concerned, and if the Navy Department does the same thing, it is all right. If you write the War Department for information in reference to some kind of a claim or an allotment, you will get a letter back that the file is down at some place, some point in North Carolina, and they will have to write down there, and when it gets back then you will get the answer. Now all those offices are being put in this one defense plant out in St. Louis, under one head, including

the War Contracts Division who are going in there and the General Accounting Office is going to have an office there where they are going to pre-audit the claims right on the ground, not post-audit, but pre-audit right on the ground. Now the War Department has done that, so why don't you get in touch with the Navy Department?

Mr. BENDER. Instead of selling some of the buildings, they might be utilized by the Government itself and many of these agencies themselves might be put under one roof. Then, too, many of these plants are in very convenient locations where it would be very easy for the citizen to go and transact his business with any one of the various Government agencies.

Mr. ERVIN. Mr. Chairman, I would like to ask one question, sir.

The CHAIRMAN. Mr. Ervin.

Mr. ERVIN. It seems that St. Louis and Cleveland have been pretty well taken care of. There are nine places where a man can go to find out about this stuff in Cleveland and the same thing in St. Louis. What I want to know is, what about an average State like Alabama or North Carolina, or Mississippi, how many places can a fellow go down there and find out about it?

Mr. HENRY. Or Wisconsin?

Mr. SYMINGTON. I would not know about it but I know that the Commerce Department were planning to take over from the Treasury the 1st of May and they recognize they have not enough outlets and therefore they have been making plans to have more outlets. Roughly, I think the RFC had 32 or 33 regional outlets and the Department of Commerce has 11 and they are increasing them as fast as they can.

Mr. ERVIN. Do you know what number they expect to increase it to?

Mr. SYMINGTON. No, sir; I do not. They recognize they have not enough outlets.

Mr. ERVIN. My own home town happens to be 300 miles from the other end of the State. So far as you know, is there any other place than the RFC office?

Mr. SYMINGTON. No, sir.

Mr. ERVIN. Don't you think there should be another place?

Mr. SYMINGTON. Yes, sir.

Mr. ERVIN. Have you any plans along that line?

Mr. SYMINGTON. We are getting into a delicate situation. We can sort of coax them into that. It is a problem of set-up.

Mr. ERVIN. That comes in under "policy." It seems to me it should be closer to the people.

Mr. RICH. In that regard you have got to be careful that you do not open too many offices. It was just a few years ago that you found very few Federal offices over the country and today you can go in any city of any size and find two or three there. So there we have got to be careful because the taxpayers want you to get rid of this surplus property. They want you to sell it but they do not want to put the money in more office space and employment offices.

Mr. ERVIN. I agree with you but I am not speaking for Pennsylvania, Ohio, and Missouri, which are very well taken care of.

Mr. JUDD. Mr. Symington, I understand you do not want us to do anything further regarding this bill for the present except to change from a Board to an Administrator.

Mr. SYMINGTON. We would be satisfied as we see it to recommend that the bill be operated during this very critical period which came

on as a result of the VJ-day situation without anything being done for some time.

Mr. JUDD. That is, you think if changes in the act were not made earlier, then they should not be made until later—that just now is not the time?

Mr. SYMINGTON. That is as we see it.

Mr. MANSFIELD. Mr. Chairman, I would like to ask Mr. Symington one question.

The CHAIRMAN. Mr. Mansfield.

Mr. MANSFIELD. Mr. Symington, would you have jurisdiction over the disposition of surplus ships of the merchant marine?

Mr. SYMINGTON. No, sir; that is specifically excepted in the act.

Mr. MANSFIELD. That is all.

Mr. WHITTINGTON. Mr. Symington, for the record, as I understand you have named eight or nine disposal agencies.

Mr. SYMINGTON. I think it is eight; yes, sir.

Mr. WHITTINGTON. I will ask you to insert in the record what those agencies are. There is the Reconstruction Finance Corporation, there is the Department of Commerce, and what others?

Mr. SYMINGTON. I may have some trouble here. There is the Department of Agriculture and Federal Housing and the Department of Commerce and Reconstruction Finance Corporation. Then there is the Maritime Commission of course. Then there is the Army-Navy Liquidation Commission. That would be the ninth. How many are we missing?

Mr. WHITTINGTON. You have given them substantially.

Mr. SYMINGTON. I think the War Food Administration has now merged in the Department of Agriculture.

Mr. COCHRAN. How about land?

Mr. SYMINGTON. Then there is the Department of the Interior. Mr. Cochran is right. They handle grazing land and mineral land.

Mr. WHITTINGTON. The main disposal agencies are the Department of Commerce, the Reconstruction Finance Corporation, and the Smaller War Plants Corporation, are they, or not?

Mr. SYMINGTON. I do not think the Smaller War Plants Agency is a disposal agency. About 95 percent, except what we do not know about, with which we have no interest—about 95 percent of all disposal—that is my curbstone estimate—would be in the RFC and the Department of Commerce.

Mr. WHITTINGTON. I will ask you to state for the information of the committee the amount received from the sales of surplus property, that is the amount realized since the board was established under the Surplus Property Act of October 1944.

Mr. SYMINGTON. I have not that figure. I can get it for you.

Mr. WHITTINGTON. I would like to have you insert it in the record when you revise your remarks.

(Information requested is as follows:)

The price received for surplus property sold from October 1, 1944, through July 30, 1945, amounted to \$164,973,000.

Mr. WHITTINGTON. At the same time I would like to have you insert in the record the amount that was realized by the Administrator under the Executive order before the Surplus Property Board was established, so that we may have the amount down to the time when you revise your remarks.

Mr. SYMINGTON. Yes, sir.

(The data requested are as follows:)

The price received for surplus property sold by the Surplus War Property Administration from June 1 to September 1944, amounted to \$86,047,000.

Mr. WHITTINGTON. Before the noon recess I asked if you or your solicitor, that is Mr. Cox, had consulted with Mr. Beaman, of the legislative service, in regard to H. R. 3851, and I want to ask you some questions with respect to that bill, or, if you prefer, inasmuch as Mr. Cox, the general counsel of the Board, is present, I will propound the questions to Mr. Cox.

Mr. SYMINGTON. There is one thing about the Smaller War Plants Corporation. I think they do dispose of property. Everything that they want to do for the veterans they can do under the act, and it is done. They buy and then sell to the veterans. I think we could make them the eighth on the list, by including them as a disposal agency.

Mr. WHITTINGTON. Are they not a disposal agency in that regard?

Mr. SYMINGTON. Yes, sir; they can buy under the act and they have been given unusual priorities under the act—

Mr. WHITTINGTON (interposing). And Congress made very large appropriations to help not only the veterans but little business?

Mr. SYMINGTON. Yes, sir.

Mr. WHITTINGTON. That is the reason why I stated they were a disposal agency.

To get back to my question with respect to the bill that would provide for the establishment of an Administrator instead of a Board, would you like to answer, or have Mr. Cox answer?

Mr. SYMINGTON. I would prefer to have Mr. Cox answer.

Mr. WHITTINGTON. Mr. Cox, will you state your full name for the record?

STATEMENT OF HUGH B. COX, ESQ., GENERAL COUNSEL, SURPLUS PROPERTY BOARD

Mr. Cox. I am Hugh B. Cox, general counsel, Surplus Property Board.

Mr. WHITTINGTON. How long have you been acting as general counsel?

Mr. Cox. Since about the 1st of August.

Mr. WHITTINGTON. Prior to your appointment as general counsel, what official position did you hold with the Government?

Mr. Cox. I was Assistant Solicitor General.

Mr. WHITTINGTON. When were you Assistant Solicitor General?

Mr. Cox. I was Assistant Solicitor General from December 1943 until the end of July 1945.

Mr. WHITTINGTON. Before you became the Assistant Solicitor General what was your experience, and how long were you engaged in the practice of law?

Mr. Cox. Before that I was Assistant Attorney General, and before that I was engaged in the practice in New York City for 5 years.

Mr. WHITTINGTON. What is your age?

Mr. Cox. I am 39 years of age now.

Mr. WHITTINGTON. Of what institution are you a graduate?

Mr. Cox. I am a graduate of the University of Nebraska.

Mr. JUDD. That is a very excellent institution, my own alma mater.

Mr. WHITTINGTON. That is conceded.

Mr. COX. That was an A. B. degree, sir. I do not have a formal law degree.

Mr. WHITTINGTON. Now back to this bill. What do you find as to the phraseology, Mr. Cox, of section 1 of H. R. 3851, which is a bill which this committee may report?

Mr. COX. As far as we are concerned we think that phraseology is satisfactory, sir.

Now in regard to section 2 of H. R. 3851, which is the bill that you have before you?

Mr. HOFFMAN. Is that the one we passed on this morning?

Mr. WHITTINGTON. That is the one we agreed on, substantially.

Mr. COCHRAN. You say that is satisfactory?

Mr. HOFFMAN. My understanding is that you had an objection to subparagraph (c), section 2?

Mr. COX. He asked me just about the first section.

Mr. WHITTINGTON. Now, Mr. Cox, in regard to section 2, what would you say as to the language of subsection (a)?

Mr. COX. That language is satisfactory.

Mr. WHITTINGTON. It strikes me there should be inserted, following subsection (a), a provision substantially as follows—and I may say that the language I now read is subsection (b) of what we would call the committee's print if it were available, and that language is as follows, and I ask if you would recommend it should be in here, subsection (b):

So much of the unexpended balances of appropriations, allocations, or other funds available for the use of the Surplus Property Board in the exercise of any function transferred by this act shall be transferred to the Surplus Property Administration for use in connection with the exercise of the functions so transferred.

Mr. COX. I think that paragraph should be in the bill.

Mr. WHITTINGTON. And that may be properly inserted as subparagraph (b).

Mr. COX. That is right.

Mr. WHITTINGTON. Now, then, I ask you, with respect to subparagraph (b) of H. R. 3851, if that language is satisfactory?

Mr. COX. I think that language is satisfactory. I take it, that would be a new subparagraph (c)?

Mr. WHITTINGTON. I said that would be a new subparagraph so that in the committee bill which I have before me and which the chairman has directed to be inserted at the beginning of this hearing, and just after the message of the President of the United States, in section 1 would be a copy of section 1 of H. R. 3851; section 2, subparagraph (a) would be the same as subparagraph (a) of the bill that I referred to, H. R. 3851, and subparagraph (b) would be the new paragraph with respect to unexpended balances, and subparagraph (b) would be subparagraph (c) of the committee bill?

Mr. COX. Yes, sir.

Mr. WHITTINGTON. And you have examined the language?

Mr. COX. I have.

Mr. WHITTINGTON. And you say that would effectuate the purpose of providing for an Administrator instead of a Board?

Mr. COX. I do. I have one comment to make on subparagraph (c) of the present bill when you get to that.

Mr. WHITTINGTON. My idea is that subparagraph (c) of this H. R. 3851 is not included in this committee print?

Mr. COX. That is correct.

Mr. HOFFMAN. I have a copy of H. R. 3851. May I ask what you are talking about?

Mr. WHITTINGTON. I have had a bill prepared by the legislative counsel which embraces all of H. R. 3851 except for subparagraph (c) and inserts a new paragraph (b), making (b) of 3851 (c).

Mr. HOFFMAN. Off the record.

(Discussion off the record.)

Mr. WHITTINGTON. I said it was identical with H. R. 3851 except it eliminates subparagraph (c) and inserts a new paragraph about the transferral of the funds as (b).

Now, Mr. COX, what are your comments with respect to subparagraph (c) of H. R. 3851?

Mr. COX. That subparagraph (c) I discussed with your legislative counsel after the hearing this morning, and it seemed to both of us to be really unnecessary in this bill. It served no purpose and it had the rather undesirable effect of freezing all of your personnel irrespective of civil-service rules for a year, until after the end of the present fiscal year, so I think it was the view of your legislative counsel, and it was my view, that that subparagraph might be well omitted.

Mr. WHITTINGTON. So that the committee bill H. R. 3907 as it has been drafted, about which you have conferred with the legislative counsel, H. R. 3851 with subparagraph (c) of section 2 eliminated and including in this proposed committee bill the language in regard to so much of the unexpended balances, which I have made subparagraph (b)?

Mr. COX. That is correct, sir.

Mr. HOFFMAN. Mr. Chairman, how would it be if the rest of us had a chance to look at this draft. I understood from Mr. Whittington this morning that this bill was all right. Now after lunch we have these changes.

Chairman Manasco. Off the record.

(Discussion off the record.)

Mr. WHITTINGTON. Do you have any other amendments or clarifications?

Mr. COX. No, sir; the bill is satisfactory with those changes.

Mr. RICH. In your responsibility, if you are appointed and confirmed to this office, you have charge of the funds that are coming in from the sale of all this surplus property, I thought I understood you to say?

Mr. SYMINGTON. No, sir we approve the funds that go out to sell it; we do not have any connection with the funds that come in from the sale.

Mr. RICH. Only in connection with the operating expense of the sale?

Mr. SYMINGTON. Yes, sir.

Mr. RICH. If this goes into the RFC or the Department of Commerce, or whatever department is making the sale, they are supposed to account to the Federal Government, separate from their own departments, this surplus property account; is that correct?

Mr. COCHRAN. It goes into the general fund of the Treasury, under the law.

Mr. COX. We have to pay the total proceeds, or the gross proceeds, into the miscellaneous receipts of the Treasury.

Mr. RICH. The gross proceeds?

Mr. COX. That is right.

Mr. RICH. Are they allowed to deduct their expenses for handling?

Mr. COX. No, sir; that expense has to come out of the money that is appropriated to them, that we allocate to them.

Mr. RICH. They operate from their department?

Mr. COX. Yes.

The CHAIRMAN. Are there any other questions?

Mr. HOFFMAN. Yes. In subsection (c) it says that all these regulations, and so forth, shall remain in effect unless and until superseded or rescinded by the Surplus Property Administrator.

Congress, then, will not have anything to say about that. If we abolish this Board those things still stick, do they?

Mr. COX. The purpose of that, Representative Hoffman, is this: If you abolish the Board and a new Administrator is appointed, until he has had time to change them, these agencies want to have something to operate under, and the purpose of that subparagraph is just to leave the present regulations in effect until the new man can get around to revising them; otherwise, if they are all repealed there is a kind of vacuum; nobody will know what the rules are.

Mr. HOFFMAN. Then, virtually it is the substance of the original bill—the Colmer bill?

Mr. COX. That is correct; except that we are suggesting that subsection (c) of the Colmer bill be dropped out as being unnecessary, but (b) of the original Colmer bill remains.

The CHAIRMAN. Are there any other questions?

Mr. GOSSETT. I move that the hearings be closed.

The CHAIRMAN. I would like to ask, first, if there are any other witnesses who would like to testify on this particular bill. When we started out, maybe they thought we were going to the amendments of the general act, the substantive law, but the developments of this morning changed that program, and we shall have to postpone these hearings until Mr. Symington, or whoever may be appointed as Administrator under the new bill, can have an opportunity to make studies and recommendations. Mr. Symington does not feel that he is prepared at the present time to make those recommendations.

I am just asking if there are any people who want to appear and testify either for or against the change from a board to an administrator. I do not see any hands; so I take it that the motion will now be in order.

Mr. HOFFMAN. You say no one else wants to be heard?

The CHAIRMAN. I do not see anyone.

Mr. MANSFIELD. Why not report the bill with the amendments agreed upon?

The CHAIRMAN. The committee will go into executive session.

(At 3:45 p. m. the committee proceeded to the consideration of executive business, after which it adjourned subject to the call of the chairman.)

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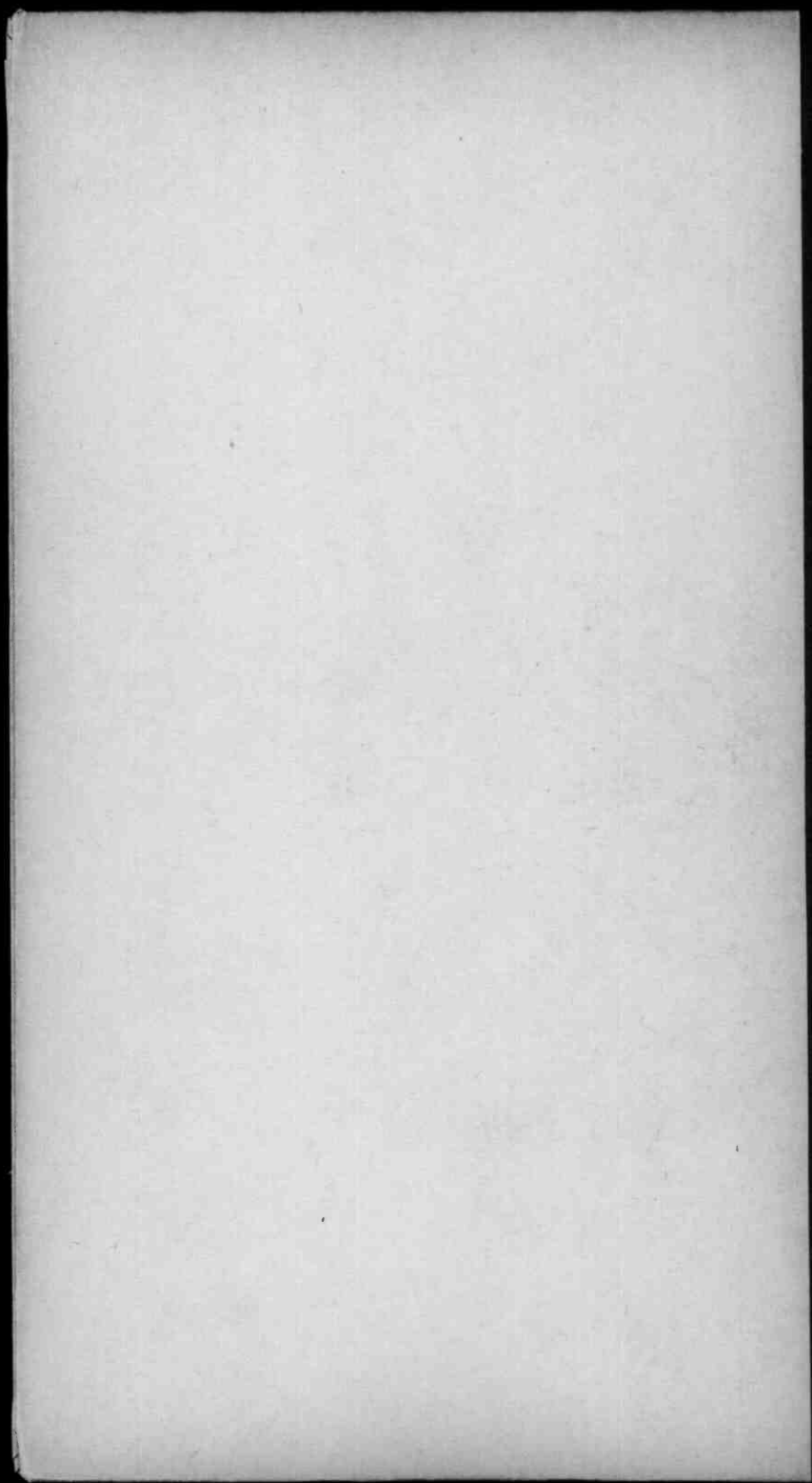
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